

Rights Issue Prospectus

Allied Cooperative Insurance Group

Allied Cooperative Insurance Group (ACIG) is a Saudi Joint Stock Company incorporated in accordance with Ministerial Resolution No. (233), dated 16/9/1427H (corresponding to 09/10/2006G) and Royal Decree No. (M/60) promulgated on 18/09/1427 H (corresponding to 11/10/2006 G), license of Ministry of Investment no. (1120910778-01) dated 28/05/1426 H (corresponding to 05/07/2005 G), with Commercial Registration No. (1010417178) dated 09/08/1442H (corresponding to 22/08/2007G).

Offering of fifteen million (15,000,000) ordinary shares at an offer price of ten (10) Saudi Riyals per share through issuing rights shares with a total value of one hundred and fifty million (150,000,000) Saudi Riyals, which represents an increase by (106.38%) in the Company's capital. The Company's capital reached two hundred and ninety-one million (291,000,000) Saudi Riyals.

Trading Period: Starts from 30/05/1443H (corresponding to 03/01/2022G) until 07/06/1443H (corresponding to 10/01/2022G)

Offering Period: Starts from 30/05/1443H (corresponding to 03/01/2022G) until 10/06/1443H (corresponding to 13/01/2022G)



Allied Cooperative Insurance Group ("ACIG"), (hereinafter referred to as the "Company" or "Issuer"), was incorporated as a Saudi Joint Stock Company in accordance with the Ministerial Resolution No. 233, dated 16/9/1427H (corresponding to 09/10/2006G) and Royal Decree No. M/60 promulgated on 18/09/1427 H (corresponding to 11/10/2006 G), license of Ministry of Investment no. (1120910778-01) dated 28/05/1426 H (corresponding to 05/07/2005 G), and Commercial Registration No. (4030171999), issued in Jeddah, where the Company's head office was transferred from Jeddah to Riyadh after approval of Extraordinary General Assembly Meeting (EGM) on 14/07/1435 H (corresponding to 13/05/2014 G) to transfer the head office to Riyadh under Commercial Registration No. (1010417178) dated 09/08/1428 H (corresponding to 22/08/2007 G). The Company's head office is located in Riyadh, at Hittin District - Prince Turki Ibn Abdulaziz Al Awwal Rd, PO Box 40523 Riyadh 11511, Kingdom of Saudi Arabia. The Company obtained license No. (TMN/21/20095) dated 15/05/1430 H (corresponding to 11/05/2009 G) from the Central Bank of Saudi Arabia ("Central Bank") to practice insurance activity in branches of general insurance and health insurance. The Company's capital, upon incorporation, is one hundred million (100,000,000) Saudi Riyals, divided into ten million (10,000,000) ordinary shares with a nominal value of (10) Saudi Riyals per share paid in full. The Company's current capital is one hundred and forty-one million (141,000,000) riyals Saudi Arabia, divided into fourteen million one hundred thousand (14,100,000) ordinary shares with a nominal value of (10) Saudi Riyals per share, paid in full (referred to individually as "existing share" and collectively as "existing shares"). As at the date of this Prospectus, the Company's Substantial Shareholder (holding 5% or more of Company's shares) is Tharwa Al Khaleej Holding Company, which holds two million one hundred and fifteen thousand (2,115,000) shares, i.e. (15.0%) of Company's shares before offering.

The Company's board of directors recommended, in its meeting held on 21/05/1441H (corresponding to 16/01/2020 G), to increase the Company's capital through offering rights issue at a value of one hundred and fifty million (150,000,000) Saudi Riyals, after obtaining all necessary regulatory approvals and EGM's approval. The Company obtained Central Bank's no-objection to increase the capital under letter No. (42008428) dated 14/02/1442 H (corresponding to 01/10/2020 G).

On 25/05/1443H (corresponding to 29/12/2021G), the EGM approved to increase the Company's capital through rights issue. The subscription will be through offering fifteen million (15,000,000) new ordinary shares (referred to as "Rights Shares" or "New Shares") at an offer price of ten (10) Saudi Riyals per share (referred to as "Offer Price"), with a nominal value of ten (10) Saudi Riyals, in order to increase the Company's capital from one hundred and forty-one million (141,000,000) Saudi Riyals to two hundred and ninety-one million (291,000,000) Saudi Riyals, and increase the number of shares from fourteen million one hundred thousand (14,100,000) ordinary shares to twenty-nine million one hundred thousand (29,100,000) ordinary shares.

The Rights will be issued in the form of tradable securities (referred to collectively as "Rights" and individually as "Right") to shareholders, as at the close of trading on the Extraordinary General Assembly Meeting (the "EGM") date which decided to increase the Share Capital of the Company (referred to as "Eligibility Date"), who are recorded in the Company's Shareholders Register held with the Depository Center (referred to collectively as "Registered Shareholders" and individually as "Registered Shareholder") as of the close of the second trading day following the date of EGM, regarding the Capital increase on 29/05/1443H (corresponding to 02/01/2022G) on condition that such Rights will be deposited into the Registered Shareholders' portfolios after the EGM, considering settlement procedures of (1.06) rights for each (1) share and each Right grants its holder the right to subscribe to one New Share at the Offer Price.

All the Registered Shareholders and other investors ("New Investors"), who, may trade the Rights and subscribed to the New Shares, will be able to trade and subscribe to the Rights in the Saudi Stock Exchange ("Tadawul" or "Market"). The trading period and subscription period will commence from 30/05/1443H (corresponding to 03/01/2022G), provided that the trading period ends on 07/06/1443H (corresponding to 10/01/2022G) ("Trading Period"), while the subscription period will continue until the end of 10/06/1443H (corresponding to 13/01/2022G) ("Subscription Period"). It is important to note that the Trading Period and the Subscription Period will start on the same day while the Trading Period continues until the end of the sixth day of the period, and the Subscription Period continues until the end of the ninth day of the same period.

During the Trading Period, the Registered Shareholders will be able to trade the Rights by selling the acquired Rights or part thereof, or buying additional Rights through the Market. In addition, New Investors will be able to buy and sell the Rights during trading period through the Market.

The subscription to New Shares during the Subscription Period would be through one phase according to the following:

1. During this Period, all Registered Shareholders and New Investors will be allowed to subscribe for the New Shares.
2. The Registered Shareholder will be entitled to subscribe directly to the number of his / her shares or less than the number of his / her shares during the Subscription Period. If the Registered Shareholder buys new Rights, the Registered Shareholder will be able to subscribe to them by the end of the settlement period (two working days).

This Prospectus must be read in full and the "Important Notice" section, in Page (i), and Section 2 "Risk Factors" of this Prospectus must be considered prior to making any investment decision with regard to Rights or new shares.

Financial advisor, underwriting manager and underwriter



This Prospectus includes information provided in the application for listing and offering of securities in accordance with Rules on the Offer of Securities and Continuing Obligations issued by Capital Market Authority of the Kingdom of Saudi Arabia (the "Authority" or "CMA"), and the application for listing of securities in compliance with the listing rules of the Saudi Stock Exchange. The Directors, whose names appear on page (iv) collectively and individually accept full responsibility for the accuracy of the information contained in this Prospectus and confirm, having made all reasonable inquiries, that to the best of their knowledge and belief, there are no other facts that omission of which would make any statement herein misleading. The Authority and the Saudi Stock Exchange do not take any responsibility for the contents of this Prospectus, do not make any representation as to its accuracy or completeness, and expressly disclaim any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of this Prospectus.

"This unofficial English language translation of the official Arabic Language Prospectus is provided for the information purpose only. The Arabic Language Prospectus published on the CMA's website (www.cma.org.sa) remains the only official, legally binding version and shall prevail in the event of any conflict between the two texts".

This Prospectus was issued on 13/12/1443H (corresponding to 20/09/2021G)



ACIG

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Important Notice

This Prospectus (the “**Prospectus**”) provides full details of information relating to ACIG and the Rights Shares offered for subscription. In subscribing to new shares, investors shall be treated as applying on the basis of the information contained in this Prospectus, copies of which are available at the Company’s head office, the Lead Manager, or by visiting the website of the Company (www.acig.com.sa), the financial advisor (www.falcom.com.sa), and CMA (www.cma.org.sa).

The Prospectus will be published and assured to be available to the public within a period not less than (14) days prior to the date of the Extraordinary General Meeting for the capital increase. In the event that the Extraordinary General Meeting does not approve the capital increase within six months from the date of the Authority’s approval on registering and Offering the Right Issue, such an approval given by the Authority shall be deemed to be canceled.

The Company has appointed (Falcom Financial Services) as a financial advisor (“**Financial Advisor**”), lead manager (“**Lead Manager**”), and Underwriter (“**Underwriter**”) regarding the offering of Rights Shares to increase the Company’s capital under this Prospectus.

This Prospectus includes information given in compliance with the Rules on the offer of Securities and Continuing Obligations issued by CMA. The Members of the Board of Directors, whose names appear on page (iv), collectively and individually accept full responsibility for the accuracy of the information contained in this Prospectus and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no other facts the omission of which would make any statement herein misleading. CMA or Tadawul will not take any responsibility for the contents of this Prospectus, do not make any representation as to its accuracy or completeness, and expressly disclaim any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of this Prospectus.

While the Company has made all reasonable studies and enquiries as to the accuracy of the information contained in this Prospectus as of the date hereof, substantial portions of the information herein are derived from external sources. While neither the Company nor any of directors, Financial Advisor, or Company’s advisors, whose names appear on Pages (vi) and (vii) of this Prospectus, have any reason to believe that such information is materially inaccurate, and such information was not independently verified. Accordingly, no representations or assurances are made with respect to the accuracy or completeness of any of this information.

The information contained in this Prospectus, as of the date of its publication, is subject to change. In particular, the Company’s financial condition and value of Offer Shares may be adversely affected by future developments such as inflation, interest rates, taxation or other economic, political and other factors, over which the Company has no control (Please refer to Section 2 - (“**Risk Factors**”). Neither this Prospectus nor any oral or written communication in relation to the Rights Shares is intended to be, nor should be construed as or relied upon in any way as a promise or representation as to future earnings, results or events.

This Prospectus should not be regarded as a recommendation by the Company or any of its directors or its Advisers, to participate in the subscription process to the Right issue shares. Moreover, the information provided in this Prospectus is of a general nature and has been prepared without taking into account individual investment objectives, financial condition, or particular investment needs of individuals wishing to invest in Rights Shares. Prior to making an investment decision, each recipient of this Prospectus shall obtain independent professional advice from a financial adviser licensed by CMA in relation to subscribing for the New Shares in order to assess the appropriateness of investment opportunity and information herein, with regard to the recipient’s respective objectives, financial positions and needs.

All the Registered Shareholders and other public investors (“**New investors**”) who may trade in the Rights and subscribe for the New Shares, will be able to trade and subscribe to Right issue shares on the Saudi Stock Exchange (“**Tadawul**” or “**Exchange**”) during the trading period and subscription period which both will commence on 30/05/1443H (corresponding to 03/01/2022G), where the trading period will end on the sixth day on 07/06/1443H (corresponding to 10/01/2022G) (“**Trading Period**”), and the subscription period will continue until the end of the ninth day on 10/06/1443H (corresponding to 13/01/2022G) (“**Subscription Period**”).

The Registered Shareholders will be allowed to trade the Rights during the Trading Period, by selling the acquired Rights or part thereof or buying additional Rights through Tadawul. During trading period, the New Investors would also be allowed to buy and sell Rights through Tadawul.

The New shares will be subscribed during the Subscription Period through one phase according to the following:

- In this Period, all Registered Shareholders and New Investors will be allowed to subscribe for the New Shares.
- The Registered Shareholder will be entitled to subscribe directly to the number of his / her shares or less than the number of his / her shares during the Subscription Period. If the Registered Shareholder buys new Rights, the Registered Shareholder will be able to subscribe to them by the end of the settlement period (two working days).
- New Investors will be allowed to subscribe to the New Shares after the settlement of the Rights purchase process (two working days).
- The subscription will be available electronically through investment portfolios in the trading platforms and applications, through which the sale and purchase orders are entered, as well as through other channels and means provided by the broker.

If any shares remain unsubscribed ("**Rump Shares**"), they will be offered to a number of institutional investors ("**Institutional Investors**") (referred to as "**Rump Offering**"), provided that those Institutional Investors shall submit their offers to buy the Rump Shares. Receipt of those offers shall commence at 10:00 AM on 15/06/1443H (corresponding to 16/01/2022G) and continue until 5:00 PM the following day on 16/06/1443H (corresponding to 19/01/2022G) ("**Rump Offering Period**"). The Rump Shares shall be allocated on a pro rata basis among Institutional Investors that provided offers at the same price. The fractional shares shall be added to the Rump Shares and treated in the same manner. All proceeds resulting from the sale of the Rump Shares shall be distributed to the Company and any proceeds in excess (if any) without calculating any fees or deductions (exceeding the Offer Price) for the eligible persons, who failed to practice their right to subscribe, totally or partially, in addition to those holding fractional shares, as per their entitlement, no later than 02/07/1443H (corresponding to 03/02/2022G). Investors who fail to subscribe or sell their rights, and those holding fractional shares, may not obtain any consideration if the purchase takes place during the offering period at the offering price. In case Institutional Investors fails to subscribe to all Rump Shares and fractional shares, the remaining shares shall be allocated to the Underwriter, which will subscribe for at the Offer price (Refer Section 13 - "**Details on Shares and Subscription Terms and Conditions**").

The final allocation will be announced no later than 20/06/1443H (corresponding to 23/01/2022G) ("Allocation Date") (Please refer to Section 13 – "**Details on Shares and Subscription Terms and Conditions**").

Financial Information

The Company's audited financial statements for the financial years ended on 31 December 2018G, 2019G and 2020G, in addition to the notes thereto, as prepared in accordance with International Financial Reporting Standards (IFRS) approved in the Kingdom of Saudi Arabia, amended by SAMA for accounting for Zakat and income tax, and other standards and publications approved by Saudi Organization for Certified Public Accountants (SOCPA). The Company's audited financial statements for the fiscal year ending December 31, 2019G, and notes thereof, have been prepared in accordance with International Financial Reporting Standards (IFRS) approved in the Kingdom of Saudi Arabia, and other standards and publications approved by Saudi Organization for Certified Public Accountants (SOCPA).

The financial information for the year 2018G mentioned in the audited financial statements for the financial year ended on December 31, 2018G, differs from that mentioned for the purposes of comparison in the audited financial statements for the financial year ending on December 31, 2019G, as amended in accordance with SAMA circular dated 20/11/1440H (corresponding to 23/07/2019G), which stipulates that accounting policies for zakat and income tax should be updated in the income statement in line with International Financial Reporting Standards (IFRS). Therefore, this Prospectus has relied on the financial information for the year 2018G, which was amended in accordance with the aforementioned SAMA circular and included for comparative purposes in the financial statements for the financial year ending on December 31, 2019.

The Company's financial statements for the financial year ended on December 31, 2018G were assured and audited by Al Azem, Al Sudairy, Al Shaikh & Partners CPA's & Consultants and Dr. Mohamed Al-Amri & Co. for the financial years ended on December 31, 2019G and 2020G by Ibrahim Ahmed Al-Bassam & Partners Auditors - Al Bassam & Co. - Al Azem, Al Sudairy, Al Shaikh & Partners CPA's & Consultants. The Company issues its financial statements in Saudi Riyals.

Some of financial and statistical information contained in this Prospectus has been rounded to the nearest whole number, and accordingly, in case of adding up the numbers in the tables, the total number may not correspond to what was mentioned in this Prospectus.

Forecasts and Forward-Looking Statements

Forecasts set forth in this Prospectus have been prepared on the basis of certain stated assumptions, which were stated in relevant topics. Future operating conditions may differ from the assumptions used and consequently no representation or warranty is made with respect to the accuracy or completeness of any of these forecasts.

Certain statements in this Prospectus constitute "forward-looking-statements". Such statements can generally be identified by their use of forward-looking words such as "plans", "intends", "estimates", "believes", "expects", "anticipates", "may", "will", "should", "would be" or the negative or other variation of such terms or comparable terminology. These forward-looking statements reflect the current views of the Company with respect to future events, and are not a guarantee of future performance. Many factors could cause the actual results, performance or achievements of the Company to be significantly different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements. Some of the most important risks and factors are described in more detail in the ("Risk Factors") section of this Prospectus. Should any one or more of the risks or uncertainties materialize or any underlying assumptions prove to be inaccurate or incorrect, actual results may vary materially from those described herein.

Pursuant to the requirements of Rules on the offer of Securities and Continuing Obligations, the Company shall provide CMA with a supplementary Prospectus if at any time, after the Prospectus has been published and before the offering is completed, it becomes aware that: (i) there has been a significant change in material matters contained in the Prospectus; or (ii) additional significant matters have become known that would have been required to be included in the Prospectus. With the exception of these two events, the Company does not intend to update or otherwise revise any information or forward-looking statements in this Prospectus, whether as a result of new information, future events or otherwise, that are related to the Company, sector or risk factors.

Company's Directory

Board Members								
The Company's Board of Directors appointed on 13/09/1440H (corresponding to 18/05/2019G) *								
Shares	Position	Membership status	Nationality	Age	Owned shares			
					Direct No.	Ratio	Indirect**** No.	Ratio
Fawaz Mohammed Nasser Al-Sharabi**	Chairman of Board of Directors**	Non-executive Independent	Saudi	48	-	-	-	-
Hussam Talal Amin Ghazzawi***	Deputy Chairman of the Board	Non-executive Non-independent	Saudi	53	705	0.0050000%	-	-
Mohamed Hani Abdel Qader Bakri Al Bakri	Board Member	Non-executive Non-independent	Saudi	63	-	-	-	-
Abdul Latif Muhammad Abdul Rahman Al Sheikh	Board Member	Non-executive Non-independent	Saudi	48	705	0.0050000%	-	-
Adel Mohammed Rashid Jamjoom****	Board Member	Non-executive Non-independent	Saudi	56	23	0.0001631%	-	-
Abdullah Abdulrahman Mohammed Al-Rabdi****	Board Member	Non-executive Independent	Saudi	48	3,797	0.0269290%	-	-
Mishaal Ibrahim Miteb Al-Otaibi *****	Board Member	Non-executive Independent	Saudi	48	-	-	-	-

Source: The Company

* The Company's Ordinary General Assembly, in its meeting held on 10/09/1440H (corresponding to 15/05/2019G), agreed to elect the Directors for the current session, which starts from 13/09/1440H (corresponding to 18/05/2019G) and for a period of three years ending on the date of 16/10/1443H (corresponding to 17/05/2022G).

** The Company's board of directors decided on 03/07/1442H (corresponding to 15/02/2021G) to appoint Mr. Fawaz Muhammad Nasser Al-Sharabi as Chairman of the Board of Directors instead of Ms. Nouf Saud Naghimish Al-Haqbani, who submitted her resignation on 27/06/1442H (corresponding to 09/02/2021G), and the Company's board of directors had previously decided on 14/04/1442H (corresponding to 29/11/2020G) to appoint Ms. Nouf Saud Naghimish Al-Haqbani as Chairman of the Board of Directors instead of Mr. Thamer Abdullah Mohammed Al Rayes, who submitted his resignation on 19/01/1442H (corresponding to 07/09/2020G), and the Company obtained SAMA's no-objection thereon dated 22/11/1442H (corresponding to 02/07/2021G).

*** The Company's board of directors decided on 14/04/1442H (corresponding to 29/11/2020G) to appoint Mr. Hussam Talal Amin Ghazzawi as Deputy Chairman of the Board of Directors instead of Mr. Tariq Abdullah Hussein Al-Rumaim, who submitted his resignation on 02/ 03/1442H (corresponding to 19/10/2020G). The Company obtained SAMA's no-objection thereon dated 14/04/1442H (corresponding to 29/11/2020G).

**** The Company's board of directors decided on 22/07/1441H (corresponding to 17/03/2020G) to appoint Mr. Adel Muhammad Rashid Jamjoom as a non-executive member of the board of directors instead of Ms. Zain Iyad Al-Imam, who submitted her resignation on 17/ 02/1441H (corresponding to 16/10/2019G), and appoint Mr. Abdullah Abdulrahman Muhammad Al-Rabdi as an independent member of the Board of Directors instead of Mr. Ziad Sami Al-Labban, who submitted his resignation on 23/02/1441H (corresponding to October 22, 2019G), after the Company obtained SAMA's no-objection thereon dated 21/07/1441H (corresponding to 16/03/2020G).

***** The Company's Board of Directors decided on 11/10/1442H (corresponding to 25/05/2021G) to appoint Mr. Mishaal Ibrahim Mutaib Al-Otaibi as an independent member of the Board of Directors. Such approval is not final, and such appointment shall be submitted to the first General Assembly meeting for approval. As of the date of this Prospectus, the Company did not receive a letter of no objection.

***** Board members have no indirect ownership in the Company as on the date of this Prospectus.

The recommendation was made by members of board of directors whose names are mentioned above (in addition to Mr. Thamer bin Abdullah bin Rayes, Mr. Tariq bin Abdullah Al-Rumaim, Ms. Nouf Saud Al-Haqbani, Mr. Hisham Muhammad Al-Sharif, with the exception of Mr. Adel Muhammad Rashid Jamjoom, and Mr. / Abdullah Abdul Rahman Al-Rabdi, and Mr. Mishaal Mutaib Al-Otaibi, who were appointed after the date of being recommended as members of board of directors as explained above). On 05/21/1441H (corresponding to 01/16/2020G), the Board of Directors recommended to increase the Company's capital through rights from one hundred and forty-one million Saudi Riyals (SAR 141,000,000) to two hundred and ninety-one million Saudi Riyals (SAR 291,000,000), with an increase of 106.38%, thus increasing the number of the Company's shares from fourteen million one hundred thousand (14,100,000) ordinary shares to twenty-nine million one hundred thousand (29,100,000) ordinary shares.

Address of Company & Representatives

Allied Cooperative Insurance Group (ACIG)

Riyadh - Hittin District - Prince Turki Ibn Abdulaziz Al Awwal Rd,

P.O. Box 40523 Riyadh 11511

Kingdom of Saudi Arabia

Tel: +966 11 4852626

Fax: +966 11 4890555

Website: customercare@acig.com.sa

E-mail: www.acig.com.sa



Company Representatives		
	First Representative	Second Representative
Name	Fawaz Mohammed Nasser Al-Sharabi	Muhammad Abdullah Al-Qadi
Capacity	Chairman of Board of Directors	Deputy Chief Executive Officer
Address	Riyadh - Hittin District - Prince Turki Ibn Abdulaziz Al Awwal Rd,	Riyadh - Hittin District - Prince Turki Ibn Abdulaziz Al Awwal Rd,
	P.O. Box 40523 Riyadh 11511	P.O. Box 40523 Riyadh 11511
	Kingdom of Saudi Arabia	Kingdom of Saudi Arabia
Tel	+966 11 4852626 Ext. 4449	+966 11 4852626 Ext. 4000
Fax	+966 11 84905555	+966 11 84905555
Email	Fawaz.sharabi@acig.com.sa	m.gadi@acig.com.sa

Source: The Company

Stock Exchange

Saudi Stock Exchange (Tadawul)

King Fahad Road, Al Ulaya 6897

Unit no.: 15

Riyadh 12211-3388

Kingdom of Saudi Arabia

Tel: +966 920001919

Fax: +966 11 2189133

Email: csc@tadawul.com.sa

Website: www.tadawul.com.sa



Advisors and Auditors

Financial Advisor, Lead Manager and Underwriter

Falcom Financial Services

Riyadh - Al Worood, Al Olaya Main Street,

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Legal Advisor

Mohammed Aldhabaan Law Firm

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الضبعان وشركاه

Auditor

(Of the financial statements for financial years ending on December 31st, 2019G and 2020G)

Ibrahim Ahmed Al-Bassam & Partners Auditors - Al Bassam & Co.

Riyadh - Sulimania - Prince Abdulaziz bin Musaed St,

P.O. Box 69658, Riyadh 11557

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Website: www.pkfbassam.com



Auditor

(Of the financial statements for financial years ending on December 31st, 2019G and 2020G)

Al Azem, Al Sudairy, Al Shaikh & Partners CPA's & Consultants

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E-mail: ch@crowe.sa

Website: www.crowe.com/sa



Auditor

(Of the financial statements for financial year ending on December 31st, 2018G)

Dr. Mohamed Al-Amri & Co.

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P.O. Box 8736, Riyadh 11492

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E-mail: info@alamri.com

Website: www.alamri.com



الدكتور محمد العمري وشركاه

Dr. Mohamed Al-Amri & Co.

Note:

The above Advisors have provided their written consent to the publication of their names, addresses and logos in the Prospectus, and non of the abovementioned Advisors, or their subsidiaries, or their shareholders or their board of directors or any of their relatives, have any shareholding or interest of any kind in the Company or any of its associates as of the date of this Prospectus.

Summary of the Offer

Prospective Investors should read the entire Prospectus before making an investment decision as to whether to trade or subscribe to the Rights Issue. In particular, they should take into account the "Important Notice" Section and page (i) of Section 2 - "Risk Factors" of this Prospectus. Whereas the summary of offering stated below is insufficient to make an investment decision. Below is the summary of the Offering:

Issuer’s Name, Description, and Information on its Incorporation	Allied Cooperative Insurance Group (“ACIG”), (hereinafter referred to as the “ Company” or “Issuer”), is a Saudi Joint Stock Company incorporated in accordance with the Ministerial Resolution No. 233, dated 16/9/1427H (corresponding to 09/10/2006G) and Royal Decree No. M/60 promulgated on 18/09/1427 H (corresponding to 11/10/2006 G), license of Ministry of Investment no. (11202910778-01) dated 28/05/1426 H (corresponding to 05/07/2005 G), and Commercial Registration No. (4030171999), issued in Jeddah, where the Company's head office was transferred from Jeddah to Riyadh after approval of Extraordinary General Assembly Meeting (EGM) on 14/07/1435 H (corresponding to 13/05/2014 G) to transfer the head office to Riyadh under Commercial Registration No. (1010417178) dated 09/08/1428 H (corresponding to 22/08/2007 G). The Company's head office is located in Riyadh, at Hittin District - Prince Turki Ibn Abdulaziz Al Awwal Rd, PO Box 40523 Riyadh 11511, Kingdom of Saudi Arabia. The Company obtained license No. (TMN/21/20095) dated 15/05/1430 H (corresponding to 11/05/2009 G) from the Central Bank of Saudi Arabia ("SAMA") to practice insurance activity in branches of general insurance and health insurance.																	
Issuer’s Activities	<p>The Company carries out its activities under Commercial Register No. (1010417178) dated 09/08/1428H (corresponding to 22/08/2007G), and according to SAMA’s license No. (TMN/21/20095) dated 15/05/1430H (corresponding to 11/05/2009G) to carry out insurance activity in both general insurance and health insurance, the license was renewed on 10/02/1442H (corresponding to 27/09/2020G) for three years, staring from 13/05/1442H (corresponding to 28/12/2020G) until 12/05/1445H (corresponding to 26/11/2023G).</p> <p>The Company's activities, as stated by Commercial Register, are health insurance, general insurance, reinsurance, and insurance agency.</p> <p>As set forth by the Articles of Association, the Company’s activities are to carry out cooperative insurance business in both general insurance and health insurance. The Company may undertake all work required to achieve its purposes. The Company shall carry on its activities in accordance with the cooperative insurance companies control law, the executive regulation thereof, the provisions issued by the Saudi Central Bank (Formerly: SAMA), regulations and laws applicable in the Kingdom of Saudi Arabia and after obtaining the necessary licenses from the competent authorities, if any.</p> <p>The Company obtained licenses from SAMA to carry out its activities. (For more information, please refer to subsection (10.7.1) “Government approvals, licenses and certifications” of section (10) “Legal Information” of this Prospectus)</p>																	
Names, number of shares and the percentage of ownership of Substantial Shareholders in the issuer, before the offering	<p>Shareholders owning 5% or more of the Company's share capital. As at the date of the Prospectus, the Substantial Shareholder of the Company (owning 5% or more of the Company's share capital) is Tharwa Al Khaleej Holding Company. Below table shows no. of shares held by Tharwa Al Khaleej Holding Company before and after Offer.</p> <table><tr><th rowspan="2">Shareholders</th><th colspan="2">Before Offer</th><th colspan="2">* After Offer</th></tr><tr><th>No. of Shares</th><th>Percentage</th><th>No. of Shares</th><th>Percentage</th></tr><tr><td>Tharwa Al Khaleej Holding Company</td><td>2,115,000</td><td>%15</td><td>4,365,000</td><td>%15</td></tr></table> <p>Source: the Company</p> <p>* The number of shares and the percentage of ownership, assuming that the Tharwa Al Khaleej Holding Company has fully subscribed to the new shares. The quantity may differ in case of subscription to a number less or more than those allocated to it by selling its priority rights during the period of rights trading or purchase.</p>				Shareholders	Before Offer		* After Offer		No. of Shares	Percentage	No. of Shares	Percentage	Tharwa Al Khaleej Holding Company	2,115,000	%15	4,365,000	%15
Shareholders	Before Offer		* After Offer															
	No. of Shares	Percentage	No. of Shares	Percentage														
Tharwa Al Khaleej Holding Company	2,115,000	%15	4,365,000	%15														
Nature of offering	Increasing the Company's capital by issuing Rights Issue.																	

Purpose of the offering proposed rights	By increasing its capital through offering priority rights, The Company aims to enhance the solvency margin and support the expansion of the Company's activity. (Please refer to Section (7) "Use of Proceeds from Offering and Future Projects").										
	It is expected that the total proceeds generated by the subscription to the Rights Issue will be one hundred fifty million (SAR 150,000,000) Saudi Riyals.										
	The net proceeds generated by the subscription will be used mainly to enhance the solvency margin and support the expansion of the Company's activity										
	The table below shows the proposed use of the proceeds of subscription										
Total Estimated Proceeds, Breakdown Analysis and Description of its Potential Use	<table><tr><th>Use</th><th>Value (in SAR)</th></tr><tr><td>financial investments</td><td>124,500</td></tr><tr><td>statutory deposit</td><td>22,500</td></tr><tr><td>Offering costs</td><td>3,000</td></tr><tr><td>Total</td><td>150,000</td></tr></table>	Use	Value (in SAR)	financial investments	124,500	statutory deposit	22,500	Offering costs	3,000	Total	150,000
	Use	Value (in SAR)									
	financial investments	124,500									
	statutory deposit	22,500									
	Offering costs	3,000									
	Total	150,000									
Source: the Company											
(For more information, Please refer to Section (7) "Use of Proceeds from Offering and Future Projects").											
Offering Costs	It is expected that the costs of the offering will approximately be three million (SAR 3,000,000) Saudi Riyals. Such amounts include the fees of: Financial Advisor, Lead Manager, Underwriter, Legal Advisor, Auditor, Marketing, Printing, Distribution Expenses and other expenses related to the subscription. (Please refer to Section (7) "Use of Proceeds from Offering and Future Projects").										
Net Proceeds of the Offering	It is expected that the Net Proceeds of the Offering will approximately be one hundred forty-seven million (SAR 147,000,000) Saudi Riyals (please refer to Section (7) "Use of Proceeds from Offering and Future Projects").										
Issuer's Capital Prior to the Offering	One hundred forty-one million (SAR 141,000,000) Saudi Riyals.										
Issuer's Capital Post the Offering	Two hundred ninety-one million (SAR 291,000,000) Saudi Riyals.										
Total number of Issued Shares Prior to the Offering	Fourteen million one hundred thousand (14,100,000) ordinary shares.										
Total number of Issued Shares Post the Offering	Twenty-nine million one hundred thousand (29,100,000) ordinary shares.										
Nominal Value Per Share	Ten (SAR 10) Saudi Riyals per share.										
Total number of Shares Post the Offering	Fifteen million (15,000,000) ordinary shares.										
Percentage of Rights Shares Offered to the Capital	106.38% of the Issuer's capital before Offering.										
Offering Price	Ten (SAR 10) Saudi Riyals per share.										
Total Offering Value	One hundred fifty million (SAR 150,000,000) Saudi Riyals.										
Number of Underwritten Shares	Fifteen million (15,000,000) ordinary shares.										
Total Value of Underwritten Shares	One hundred fifty million (SAR 150,000,000) Saudi Riyals.										
Categories of Targeted Investors	Registered Shareholders and New Shareholders										

Registered Shareholders	Shareholders who own shares at the end of the trading day of the Extraordinary General Assembly for the capital increase and are registered in the Company's Shareholders Register held with the Depository Center at the end of the second trading day following the Extraordinary General Assembly on capital increase dated 29/05/1443H (corresponding to 02/01/2022G)
New Shareholders	In general, individual and institutional investors, except for Registered Shareholders, who purchased the Rights issue during the trading period.
The Rights	Rights are tradable securities that entitle its holders the right to subscribe to New Shares upon approval of the capital increase. It is an earned right for all Registered Shareholders and each Right entitles its holder to subscribe to one share of the New Shares at the Offer Price. Rights will be deposited after the Extraordinary General Assembly for the capital increase has convened. These rights will appear in the Registered Shareholders' accounts under a new pre-emptive right-related symbol. The Registered Shareholders will be informed of the deposit of the Rights in their portfolios.
Number of The Rights Issued	Fifteen million (15,000,000) Rights
Subscription Eligibility Factor	1.06 right per each (1) existing share owned by the Registered Shareholders. This factor is the result of dividing the number of New Shares by the number of the current shares of the Company.
Eligibility Date	Shareholders own shares at the end of trading on the day on which the Extraordinary General Assembly on capital increase is held, and who are registered in the Company's shareholders register at the end of the second trading day following the day on which the Extraordinary General Assembly on capital increase is held, on 29/05/1443H (corresponding to 02/01/2022G).
Trading Period	The Trading Period will start on 30/05/1443H (corresponding to 03/01/2022G), and it will continue until the end of day on 13/06/1443H (corresponding to 10/01/2022G). All Rights holders, whether Registered Shareholders or New Investors, may trade in the Rights.
Offering Period	The Offering Period will start on 30/05/1443H (corresponding to 03/01/2022G), and it will continue until the end of day on 10/06/1443H (corresponding to 13/01/2022G). All Rights holders, whether Registered Shareholders or New Investors, may trade in the Rights.
How to apply	the Subscription Application Forms shall be submitted online via the brokers' websites and platforms which provide such service for subscribers or by any other means provided by brokers.
Exercise of the Rights Issue	<p>Eligible Persons subscribing for the New Rights Shares through electronic subscription via financial brokers' websites and platforms that provide such services for subscribers or by any other means provided by the brokers. Eligible Persons may exercise their Rights as follows:</p> <ol style="list-style-type: none"> During the Subscription Period, Registered Shareholders may exercise the Rights granted to them and any additional Rights purchased thereby during the Trading Period. They will also be entitled to take no action in respect of the Rights they hold. During the Subscription Period, Unregistered Shareholders may exercise the Rights purchased thereby during the Trading Period. They will also be entitled to take no action in respect of the Rights they hold. <p>In the event that Rights have not been exercised by Eligible Persons upon the end of the Subscription Period, the Rump Shares resulting from the unexercised Rights will be offered in the Rump Offering Period.</p>
Indicative Value of the Right	The indicative value of a Right reflects the difference between the market value of the Company's share during the Trading Period and the Offer Price. Tadawul will continuously calculate and publish the indicative value of a Right during the Trading Period on its website with a 5-minute delay. The market information providers will also publish this information, which will allow investors to be informed of the indicative value of a Right when entering orders.
Trading Price of the Right	The price at which the Right is traded, noting that such price is set through the Tadawul offer and demand mechanism. Hence, it may be different from the indicative value of the Right.

Rump Offering	In the event that unsubscribed shares remain after the end of the Subscription Period (Rump Shares), those shares will be offered to a number of institutional investors (Investment Institutions). Such Investment Institutions submit their offers to purchase the remaining shares, and these offers will be received starting from 10:00 AM on 15/06/1443H (corresponding to 16/01/2022G) until 5:00 PM the next day 16/06/1443H (corresponding to 19/01/2022G) (Rump Offering Period). The remaining shares will be allocated to the Investment Institutions with the highest offer and then the lowest and lowest (provided that the offer does not fall below the Offer Price). Rump shares will be allocated proportionally to the Investment Institutions that submit the same offer. As for the fractional shares, they will be added to the remaining shares and treated similarly.
Method of Allocation and Refund	Shares will be allocated to each investor based on the number of Rights properly and fully exercised. As for fractional shares, they will be collected and offered to Institutional Investors during the Rump Offering Period. The Total Offer Price of the rump shares shall be paid to the Company, and all remaining proceeds (if any), without calculating any fees or deductions (in excess of the Offer Price) to their Eligible persons who have not, wholly or partially, subscribed to the new shares and the Eligible persons of the fractional shares, bearing in mind that the investors who has not subscribed or sold any of its rights, and the holder of the fractional shares, may not receive any consideration if the sale is made during the Rump Offering Period, at the Offer Price (please refer to Section 13 - "Details on Shares and Subscription Terms and Conditions"). Excess subscription monies, if any, will be refunded to the Subscribers without any charge or withholding by the Lead Manager.
Allocation Date	The date when final allocation will be announced no later than 20/06/1443H (corresponding to 23/01/2022G)
Offering Refund Date	No commissions or deductions shall be made by Lead Manager, Offering Refund will be paid no later than 21/06/1443H (corresponding to 24/01/2022G)
Payment of Compensation Amounts (if any)	Cash compensation amounts will be paid to Eligible persons who did not subscribe, wholly or partially, for new shares, as well as to the holders of fractional shares no later than 02/07/1443H (corresponding to 03/02/2022G). The compensation amounts represent the remaining proceeds from sale of rump shares and fractional shares.
Adjusted Price	The Company's share price in the Saudi Stock Exchange (Tadawul) has been adjusted to [23.27] Saudi Riyals per share, prior to the trading day following the day of the EGM on capital increase. This represents a decrease in the share price by [13.46] Saudi Riyals per share.
Trading of New Shares	Trading of New Shares is expected to commence on "Tadawul" after completion of all relevant regulatory procedures related to allocation and listing of shares.
Listing and Trading of the Rights	Priority rights shall be listed in Tadawul during the Trading Period. A separate symbol will be given to the Company's Rights, independent from the symbol of the Company's Shares on the Tadawul screen. During the Trading Period, the Registered Shareholders shall have several options including selling the Rights, or a part thereof, on Tadawul, purchasing additional Rights through Tadawul or refraining from taking any action in respect of the Rights whether by selling or purchasing additional Rights. During the Trading Period, New Investors will be entitled to purchase Rights through Tadawul, sell them or a part thereof or take no action in respect of the Rights purchased. The Tadawul system will cancel the Company's Rights Issue symbol on the Tadawul screen following the end of the Trading Period. Accordingly, Rights trading will end with the end of the Trading Period.
Entitlement to Dividends	The New Shares offered for subscription will entitle their holders to receive any dividends declared by the Company as of the commencement of the Subscription Period and subsequent financial years.
Voting Rights	All the Company's shares are of one class. No share confers its holder preferential rights. The new shares will be fully paid up and be equally shared to the existing shares. Each share entitles its holder the right to one vote. Each shareholder of the Company shall have the right to attend and vote at the General Assembly of Shareholders (whether ordinary or extraordinary). A shareholder may delegate another shareholder, who is not a member of the Company's Board of Directors, to represent such shareholder in attending the meetings of the General Assembly.

Restrictions on Trading Shares	<p>The Company's shares are listed on Tadawul dated 14/08/1428H (corresponding to 27/08/2007G). It is worth noting that the Look-up period of three full fiscal years, each of which is not less than twelve months, as applied to the founding shareholders has been elapsed. However, the founding shareholders must obtain the approval of the Saudi Central Bank (formerly: SAMA) and then the approval of the Capital Market Authority before disposing of their shares.</p>
Restrictions on Rights Trading	<p>There are no restrictions on Rights Trading.</p>
Previously Listed Shares	<p>The Company listed all of its ten million (10,000,000) Ordinary Shares, with a nominal value of (10) Saudi Riyals per share, on Tadawul dated 14/08/1428 H (corresponding to 27/08/2007 G) through public offering, where founding shareholders subscribed for (60%) of Company's shares, i.e. six million (6,000,000) ordinary shares, with a total value of sixty million (60,000,000) Saudi Riyals of equal value, i.e. ten (10) Saudi Riyals per each. The public subscribed for (40%) of Company's shares, i.e. four million (4,000,000) ordinary shares, with a total value of forty million (40,000,000) Saudi Riyals of equal value, i.e. ten (10) Saudi Riyals per each. On 17/10/1433H (corresponding to 04/09/2012 G), the EGM approved the board's recommendation to increase the Company's capital from one hundred million (100,000,000) Saudi Riyals to two hundred million (200,000,000) Saudi Riyals through issuing right shares of ten million (10,000,000) shares with a nominal value of (10) Saudi Riyals per each. On 07/01/1442 H (corresponding to 26/08/2020 G), the EGM approved to reduce the Company's capital from two hundred million (200,000,000) Saudi Riyals to one hundred and forty-one million (141,000,000) Saudi Riyals, i.e. Company's capital was decreased by (29.50%), and thus the Company's shares were decreased from twenty million (20,000,000) shares to fourteen million and one hundred thousand (14,100,000) shares through cancellation of five million and nine hundred thousand (5,900,000) issued shares.</p>
Terms of Subscription for the Rights Issue	<p>Eligible persons wishing to subscribe to the New Shares must fulfil the relevant subscription conditions. To view the terms, conditions and instructions for the subscription (please refer to Section – (13) "Details on Shares and Offering Terms and Conditions").</p>
Risk Factors	<p>There are certain risks associated with investing in this Offering, which can be generally categorized into: (1) risks of the Company; (2) risks of the market and sector; and (3) risks of the shares. These risks have been discussed in Section (2) "Risk Factors" of this Prospectus, which must be carefully reviewed before making any investment decision on Rights Issue.</p>
Total Proceeds as Previously Obtained from the Previous Rights Issue, Breakdown Analysis and Description of its Uses	<p>The total proceeds received by the Company from in the last Rights Issue dated 18/10/1433H (corresponding to 05/09/2012G) amounted to one hundred million (SAR 100,000,000) Saudi Riyals.</p> <p>Where the Company has increased its capital from one hundred million (SAR 100,000,000) Saudi Riyals to two hundred million (SAR 200,000,000) Saudi Riyals by issuing Rights Issue of ten million (10,000,000) shares with a nominal value of ten (10) Saudi Riyals per share.</p> <p>The Offering proceeds shall be used as follows:</p> <ul style="list-style-type: none"> the statutory deposit shall be increased by (10%) i.e. ten million (SAR 10,000,000) Saudi Riyals. Subscription expenses are five million seven hundred thousand (SAR 5,700,000) Saudi Riyals. Fulfilment of the solvency margin and the requirements of the statutory reserve are eighty-four million three hundred thousand (SAR 84,300,000) Saudi Riyals, in accordance with Articles (48), (58), (66), and (69) of the Executive Regulation of the Cooperative Insurance Companies Control Law. <p>There was no deviation or change in those sated in the latest Prospectus of Rights Issue (please refer to subsection (10.11) "material information that has changed since the Authority's approval of the last Prospectus" of section (10) "legal information" of this Prospectus).</p>

Material amendments to the information disclosed in the latest Prospectus	The Authority approved the publication of the Company's latest Prospectus on 18/10/1433H (corresponding to 05/09/201G). (please refer to subsection (10.11) "material information that has changed since the Authority's approval of the last Prospectus" of section (10) "legal information" of this Prospectus).
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Note: The Section "Important Notice" of Page (A) as well as Section 2 - "Risk Factors" of this Prospectus should be read carefully prior to making a decision to invest in the Rights Issue under this Prospectus.



Important dates and subscription procedures

Event	Date
The convening of the extraordinary general assembly that includes the approval of the capital increase and the determination of the eligibility date and the eligible shareholders, noting that the eligible shareholders are the shareholders registered in the company's register, and they will not be registered until two days after the date of the meeting.	25/05/1443H (corresponding to 29/12/ 2021G)
Trading Period	The Trading Period starts from 30/05/1443H (corresponding to 03/01/2022G) and continues until the end of the trading day on 07/06/1443H (corresponding to 10/01/2022G). During this period, all Rights holders, whether registered investors or new investors, may carry out trading in Rights.
Subscription Period	The Subscription period starts from 30/05/1443H (corresponding to 03/01/2022G), provided that the Subscription Period ends on 10/06/1443H (corresponding to 13/01/2022G). During this period, all rights holders, whether they are registered investors or new investors, may exercise their right to subscribe to the New Shares.
End of Subscription Period	The subscription period and receipt of subscription applications ends on 10/06/1443H (corresponding to 13/01/2022G).
Rump Offering Period	The Rump Offering Period starts from 10:00 AM on 15/06/1443H (corresponding to 18/01/2021G) until 05:00 PM of the next day on 16/06/1443H (corresponding to 19/01/2021G).
Notification of Final Allocation	20/06/1443H (corresponding to 23/01/2022G).
Payment of compensation amounts (if any) for Eligible Persons who did not participate in the Offering and those entitled to Shares fractions.	02/07/1443H (corresponding to 03/02/2022G).
Expected date of commencement of trading in new shares	Trading in offer shares shall commence upon the completion of all related regulatory procedures. Trading will be announced on Tadawul website (www.tadawul.com.sa).

Note: All dates mentioned in the above table are approximate. The actual dates will be announced on the Tadawul's website (www.tadawul.com.sa).

Important Announcement Dates

Announcement	Announcement by	Announcement Date
Announcement regarding the EGM on capital increase	The Company	04/05/1443H (corresponding to 18/12/2021G).
Announcement regarding the results of the EGM on capital Increase	The Company	26/05/1443H (corresponding to 30/12/2021G).
Announcement regarding adding the Rights of Allied Cooperative Insurance Group -ACIG	Edaa	30/05/1443H (corresponding to 03/01/2022G).
Announcement regarding the change in the Company's Share Price and deposit of Rights, and the announcement of indicative value of the Rights	Tadawul	26/05/1443H (corresponding to 30/12/2021G).
Announcement of the determination of the rights trading period and the subscription period of new shares	The Company	26/05/1443H (corresponding to 30/12/2021G).
Announcement on the start of the Subscription Period and Trading Period	Tadawul	30/05/1443H (corresponding to 03/01/2022G).
Reminder announcement regarding the commencement of Trading Period and Subscription Period	The Company	30/05/1443H (corresponding to 03/01/2022G).
Reminder announcement regarding the last day of trading rights and the last day of subscription	The Company	07/06/1443H (corresponding to 10/01/2022G).
Announcement regarding: <ul style="list-style-type: none"> • Subscription results • Details of the sale of Unsubscribed Shares (if any) and commencement of the Rump Offering 	The Company	13/06/1443H (corresponding to 16/01/2022G).
Announcement regarding the results of the Rump Offering and and notification of the final allocation	The Company	20/06/1443H (corresponding to 23/01/2022G).
Announcement regarding the deposit of new shares in the investors' portfolios	Edaa	24/06/1443H (corresponding to 27/01/2022G).
Announcement regarding the distribution of compensation amounts (if any) to Eligible Persons	The Company	02/07/1443H (corresponding to 03/02/2022G).

Note: All dates mentioned in the above table are indicative. The actual dates will be announced on the Tadawul's website (www.tadawul.com.sa).

It should also be noted that in the event that an announcement related to the offering is published in a local newspaper after the Prospectus has been published, the announcement will include:

- 1) The issuer's name and its commercial registration number.
- 2) The securities, their value, type, and class covered by the securities registration and offering application.
- 3) Websites where the public can obtain the Prospectus.
- 4) The date of publication of the Prospectus.
- 5) A statement that the announcement is for information purposes only and does not constitute an invitation or an offer to own the securities by purchasing or subscribing thereto.
- 6) Name of the Lead Manager, Underwriters, Financial Advisors and Legal Advisor.
- 7) A disclaimer as follows: "do not assume any responsibility on the contents of this announcement, nor do they give any representations regarding its accuracy or completeness, and they expressly disclaim any responsibility for any loss they have suffered as a result of what is contained in this announcement or from reliance on any part thereof"

How to apply

Subscribing for the new shares is limited to Eligible persons, whether Registered Shareholders or New Investors. In the event that Eligible persons do not subscribe to the Rights, the Unsubscribed Shares shall be offered to Institutional Investors during the Rump Offering Period. Eligible persons wishing to subscribe to the new shares should submit the subscription application forms via the means and services provided by the broker to investors.

Subscription Applications are submitted through portfolios in trading platforms and applications, through which sale and purchase orders are entered. In addition, it is possible to subscribe through any other means provided by the broker and the custodian of shares. The Company reserves the right to reject, in full or in part, any application for new shares that does not comply with any of the subscription terms or conditions. Upon submission, the Subscription Application Form may not be amended or withdrawn. Instead, it shall represent a legally binding contract between the Company and eligible Subscriber.



Q&A related to the Rights

What is a Rights Issue?

A Rights Issue is an offering of tradable securities that give their holders the right to subscribe for New Shares upon approval of capital increase. They are acquired rights for all Shareholders who own shares at the date of the EGM for capital increase, and who are registered in the Company's Shareholders Register held with the Depository Center at the close of the second trading day following the date of the EGM. Each Right grants its holder the right to subscribe for one New Share at the Offer Price.

Who is granted the Rights?

The Rights shall be granted to Shareholders registered in the Company's Register as of the close of the second trading day of the EGM to increase the capital..

When are the Rights deposited?

Following the EGM and its approval to increase the capital through a Rights Issue, the Rights shall be deposited as securities in the portfolios of shareholders registered in the Company's Shareholders Register held with the Depository Center at the close of the second trading day following the date of the EGM. The New Rights appear in their portfolios under a new code for the Rights. These Rights cannot be traded or subscribed by the Registered Shareholders until the beginning of the Trading Period and Subscription Period.

How are Registered Shareholders notified of the Rights being deposited in their portfolios?

The Registered Shareholders are notified through an announcement on the Tadawul website and through Tadawulati Service provided by the Depository Center and SMS's sent through intermediaries/brokers.

How many Rights can be acquired by a Registered Shareholder?

The number of Rights to be acquired by a Registered Shareholder is subject to the Rights Issue ratio and the number of Shares ratio held by the Registered Shareholder as of the close of trading on the date of the EGM.

What is the Rights Issue eligibility factor?

It is the means by which the Registered Shareholder can determine the Rights it is entitled to in relation to its shareholding under the Company's Shareholders Register held with the Depository Center at the close of the second trading day following the date of the EGM. It is calculated by dividing the number of New Shares by the number of the Company's existing Shares. calculated by dividing the number of New Shares by the number of the Company's existing Shares. For example, if a company has issued 1,000 (one thousand (1,000) shares and increased its capital by offering two hundred (200) New Shares, its number of shares becomes one thousand and two hundred (1,200), making the ratio 1 to 5 (i.e. one share for every five shares).

Will the name and symbol of trading these rights differ from the name and symbol of the Company's shares?

The Rights will be deposited in the investors' portfolios under the name of the original share, and by adding the word "Priority Rights", they will be deposited in a new symbol for these rights.

What is the value of the Right upon commencement of trading?

The opening price of the Right is the difference between the closing price of the share on the day preceding the Rights listing and the Offer Price (the indicative value of the Right). For example (using hypothetical prices), if the closing price of a share on the preceding day is twenty-five (25) Saudi Riyals (SAR 25) and the Offer Price is ten (10) Saudi Riyals (SAR 10), the opening price of the Rights upon the commencement of trading will be fifteen (15) Saudi Riyals (SAR 15), the difference between the two mentioned prices.).

Who is the Registered Shareholder?

A shareholder who appears in the Company's shareholder register at the end of the second trading day after the EGM.

Can Registered Shareholders subscribe to additional shares?

Yes. Registered Shareholders can subscribe to additional shares by purchasing new Rights through Tadawul during the Trading Period.

Is it possible for a registered shareholder to lose his/her eligibility to subscribe even if he has the right to attend the EGM and vote on raising the capital through rights issue?

Yes, the Shareholder loses his/her eligibility to subscribe if he sells his/her shares on the day of the Extraordinary General Meeting or one working day before it.

How does the Subscription take place?

Subscription Applications are submitted through the investment portfolio in the trading platforms through which the buy and sell orders are entered, in addition to the possibility of subscribing through any other means provided by the intermediaries and custodian.

Can an Eligible Person subscribe to more shares than the Rights owned by him/her?

An Eligible Person cannot subscribe to more shares than the Rights owned by him/her.

If the Company shares are acquired through more than one investment portfolio, in which portfolio will the Rights be deposited?

The rights will be deposited in the same portfolio in which the shares of the Company connected to the rights are deposited. For example, if a shareholder holds one thousand (1000) shares in the Company (eight hundred (800) shares in portfolio (a) and two hundred (200) shares in portfolio (b)), then the total rights (amounting to one thousand (1,046) rights, as each share is eligible for a right) will be deposited. Therefore, eight hundred (851) rights will be deposited in portfolio (a) and two hundred (213) rights will be deposited in portfolio (b).

Are share certificate holders allowed to subscribe and trade?

Yes, they are allowed to subscribe, but they cannot trade until after depositing the certificates in investment portfolios through the receiving agents or Depository Center Company (Edaa) and introducing the necessary documents.

Are additional Rights purchasers entitled to trade them once again?

Yes, purchasers of additional Rights may sell them and purchase other Rights only during the Trading Period.

Is it possible to sell a part of these Rights?

Yes, the investor may sell a part of these Rights and subscribe to the remaining part.

When can a Shareholder subscribe to the Rights it purchased during the Trading Period?

Any time during the Subscription Period (i.e., until the ninth day) after settlement of the purchase of Rights (two business days).

Can the Eligible Person sell the Right after expiry of the Trading Period?

No. After the expiry of the Trading Period, the Eligible Person may only exercise the right to subscribe to the Rights Shares. In case the Right is not exercised, the investor may be subject to loss or decrease in the value of his investment portfolio.

What happens to the Rights that are unsold or unsubscribed for during the Subscription Period?

If the New Shares are not fully subscribed for during the Subscription Period, the remaining New Shares will be offered for subscription through an offering to be organized by the Lead Manager. The amount of compensation (if any) to the Rights holder will be calculated after deducting the



subscription value and any other expenses according to the criteria defined by this Prospectus. The investor may not receive any consideration if the sale occurs during the Rump Offering Period at the Offer Price.

Who has the right to attend the Extraordinary General Assembly and vote on increasing the Issuer's share capital through a Rights Issue?

A shareholder registered in the Company's Shareholders Register at the Depository Center after the end of the trading session, on the date of the EGM, shall have the right to attend the EGM and vote on increasing the Issuer's share capital through Rights Issue.

When is the share price adjusted as a result of increasing the Issuer's share capital through a Rights Issue?

The share price is adjusted by Tadawul before the start of trading on the day, following the EGM.

If an investor buys securities on the date of the EGM, will he/she be eligible for the Rights resulting from the increase of the Issuer's share capital?

Yes, as the investor will be registered in the Company Shareholders Register two business days after the date of the purchase of shares (i.e., at the end of the second trading day following the day of the EGM), bearing in mind that Rights will be granted to all shareholders registered in the Company Shareholders Register at the end of trading session on the second trading day following the date of the EGM. However, he/she may not attend or vote in the EGM for the capital increase.

If an investor has more than one portfolio with more than one broker, how will their Rights be calculated?

The investor's shares will be distributed to their portfolios according to the percentage of shareholding in each portfolio. In the event of share fractions, these fractions will be aggregated. If the outcome is an integer or more, the integer number will be added to the portfolio in which the investor has the largest number of Rights.

What are the Trading and Offering Periods?

Trading in and subscription for the Rights shall commence at the same time until the end of trading on the sixth day. However, subscription shall continue until the ninth day, as stated in the Prospectus and the Company's issued announcements.

Is it possible to subscribe during the weekend?

No.

Can investors, who are not Registered Shareholders, subscribe to the Rights Shares?

Yes. Investors can subscribe to the Rights Shares upon full purchase of Rights through Tadawul during the Trading Period.

Additional assistance:

In case of any inquiries, please contact the Company at the e-mail (customercare@acig.com.sa). For legal reasons, the Company will only be able to provide the information contained herein and will not be able to advise on the merits of issuing rights or even provide financial, tax, legal or investment advice.

For more information on the terms, conditions and instructions for the subscription, please refer to Section (13) "Details on Shares and Offering Terms and Conditions" and other information contained herein.

Background Summary

Note for Investors

This summary provides a brief overview of the background contained in this Prospectus. Since it is a summary, it does not include all information that may be interested to shareholders and other general institutional and individual investors. Prospective Investors should read the entire Prospectus before making an investment decision as to whether to trade or subscribe to the Rights Issue. In particular, and prior to making any investment decision related to new rights or shares, they should observe the "Important Notice" Section and page (i) of Section 2 - "Risk Factors" of this Prospectus. All terms and abbreviations used in this Prospectus are defined in Section (1) "Definitions and Terms", of this Prospectus.

Overview of the Company:

Allied Cooperative Insurance Group (ACIG) (hereinafter referred to as "the Company" or "the Issuer") was incorporated as a public joint stock Company pursuant to Cabinet Resolution No. (233) dated 16/09/1427H (corresponding to 09/10/2006G), Royal Decree No. (M/60) dated 18/09/1427H (corresponding to 11/10/2006G), License No. (11202910778-01) as issued by Ministry of Investment dated 28/05/1426H (corresponding to 05/07/2005G); pursuant to Commercial Register No. (4030171999) as issued in Jeddah, where the Company's head office relocated from Jeddah to Riyadh, after obtaining the EGM's approval on 14/07/1435H (corresponding to 13/05/2014G) to transfer the headquarter to Riyadh under Commercial Register No. (1010417178) dated 09/08/1428H (corresponding to 22/08/2007G).

The Company's head office is located in Riyadh, at Hittin District - Prince Turki Ibn Abdulaziz Al Awwal Rd, PO Box 40523 Riyadh 11511, Kingdom of Saudi Arabia.

The Company obtained license No. (TMN/21/20095) dated 15/05/1430 H (corresponding to 11/05/2009 G) from the Central Bank of Saudi Arabia ("SAMA") to practice insurance activity in branches of general insurance and health insurance in accordance with **Cooperative Insurance Companies Control Law and the Executive regulation thereof**. On 10/02/1442H (corresponding to 09/27/2020G), such License has been renewed for a period of three years, commencing from 13/05/1442H (corresponding to 28/12/2020G) and expiring on 12/05/1445H (corresponding to 26/11/2023G).

The Company's current capital is one hundred and forty-one million (141,000,000) riyals Saudi Arabia, divided into fourteen million one hundred thousand (14,100,000) ordinary shares with a nominal value of (10) Saudi Riyals per share, paid in full.

As on the date of this Prospectus, the Substantial Shareholders of the Company (holding 5% or more of the Company's shares) are Tharwa Al Khaleej Holding Company, which owns two million one hundred fifteen thousand (2,115,000) shares, i.e. (15.0%) of the Company's shares prior to Offering.

History and Most Important Developments of the Company and the Company's Capital Structure

- Allied Cooperative Insurance Group (ACIG) was incorporated as a public joint stock Company pursuant to Cabinet Resolution No. (233) dated 16/09/1427H (corresponding to 09/10/2006G), Royal Decree No. (M/60) dated 18/09/1427H (corresponding to 11/10/2006G), License No. (11202910778-01) as issued by Ministry of Investment dated 28/05/1426H (corresponding to 05/07/2005G); pursuant to Commercial Register No. (4030171999) as issued in Jeddah, where the Company's head office relocated from Jeddah to Riyadh, after obtaining the EGM's approval on 14/07/1435H (corresponding to 13/05/2014G) to transfer the headquarter to Riyadh under Commercial Register No. (1010417178) dated 09/08/1428H (corresponding to 22/08/2007G).
- The Company listed all of its ten million (10,000,000) Ordinary Shares, with a nominal value of (10) Saudi Riyals per share, on Tadawul dated 14/08/1428 H (corresponding to 27/08/2007 G) through public offering, where founding shareholders subscribed for (60%) of Company's shares, i.e. six million (6,000,000) ordinary shares, with a total value of sixty million (60,000,000) Saudi Riyals of equal value, i.e. ten (10) Saudi Riyals per each. The public subscribed for (40%) of Company's shares, i.e. four million (6,000,000) ordinary shares, with a total value of forty million (40,000,000) Saudi Riyals of equal value, i.e. ten (10) Saudi Riyals per each.
- On 15/05/1430H (corresponding to 11/05/2009G), The Company obtained a license from the Saudi Central Bank ("Central Bank") No. (TMN/21/20095) to carry out insurance activity in both general insurance and health insurance. The license was renewed on 10/02/1442H

(corresponding to 27/09/2020G) for three years, as of 13/05/1442H (corresponding to 28/12/2020G) and expires on 12/05/1445H (corresponding to 26/11/2023G).

- On 17/10/1433H (corresponding to 04/09/2012G), the Extraordinary General Assembly approved the recommendation of the Board of Directors to increase the Company's capital from one hundred million (SAR 100,000,000) Saudi Riyals to two hundred million (SAR 200,000,000) Saudi Riyals, by issuing Rights Issue of ten million (10,000,000) shares, with a nominal value of (10) Saudi Riyals per share.
- On 17/10/1433 H (corresponding to 04/09/2012 G), the EGM approved the board's recommendation to increase the Company's capital from one hundred million (100,000,000) Saudi Riyals to two hundred million (200,000,000) Saudi Riyals through issuing right shares of ten million (10,000,000) shares with a nominal value of (10) Saudi Riyals per each. On 07/01/1442 H (corresponding to 26/08/2020 G), the EGM approved to reduce the Company's capital from two hundred million (200,000,000) Saudi Riyals to one hundred and forty-one million (141,000,000) Saudi Riyals, i.e. Company's capital was decreased by (29.50%), and thus the Company's shares were decreased from twenty million (20,000,000) shares to fourteen million and one hundred thousand (14,100,000) shares through cancellation of five million and nine hundred thousand (5,900,000) issued shares.
- On 25/05/1443H (corresponding to 29/12/ 2021G), the Extraordinary General Assembly of Shareholders approved an increase in the Company's capital by (106.38%) from one hundred forty-one million (SAR 141,000,000) Saudi Riyals to two hundred ninety-one million (291,000,000) Saudi Riyals. Accordingly, the number of shares shall be increased from fourteen million hundred thousand (14,100,000) ordinary shares to twenty-nine million one hundred thousand (29,100,000) ordinary shares of equal value, the value of each is ten (10) Saudi Riyals, by issuing fifteen million (15,000,000) new ordinary shares as rights issue with a nominal value of ten (10) Saudi Riyals per share.

Summary of the Company's Key Activities

The Company carries out its activities under Commercial Register No. (1010417178) dated 09/08/1428H (corresponding to 22/08/2007G). The Company's activities, as stated by Commercial Register, are health insurance, general insurance, reinsurance, and insurance agency.

As set forth by the Articles of Association, the Company's activities are to carry out cooperative insurance business in both general insurance and health insurance. The Company may undertake all work required to achieve its purposes. The Company shall carry on its activities in accordance with the cooperative insurance companies control law, the executive regulation thereof, the provisions issued by the Saudi Central Bank (Formerly: SAMA), regulations and laws applicable in the Kingdom of Saudi Arabia and after obtaining the necessary licenses from the competent authorities, if any.

The Company shall conduct its activities through its head office located in Riyadh, and its branches located in Jeddah, Al-Khobar, Khamis Mushait. Additionally, the Company shall carry out the network of points of sale as spread throughout the Kingdom (for more information, please refer to subsection (10.7.2.8) "Company branches and Points of Sale" from section (10) "Legal information" of this Prospectus). The Company obtained license No. (TMN/21/20095) dated 15/05/1430 H (corresponding to 11/05/2009 G) from the Central Bank of Saudi Arabia ("SAMA") to practice insurance activity in branches of general insurance and health insurance

a. General Insurance includes:

- ✓ Accident and liability insurance.
- ✓ Motor insurance.
- ✓ Marine insurance.
- ✓ Engineering insurance.

b. Health Insurance

(For more information, please see subsection (3.3) "The Company's Key Activities" of Section (3) "Overview of the Company and the Nature of its Business" of this Prospectus).

Vision of the Company

To be the preferred Cooperative Insurance Company in the region that provides security to customers and deliver value to employees and shareholders applying the highest international standards

Mission of the Company

To provide Shari'a compliant solutions to the community and manage the risk in a manner that delivers value to all Stakeholders

Company Strategy

Although the Company's policy will be based on sales strategy and focused promotional campaign in order to increase the total premiums, the Company will take into account the following:

- avoid unhealthy competition which is based on lowering the prices without comprehensively analysing each type of risk and determine the right price for it.
- We will adopt a conservative insurance policy to ensure a sufficient return for shareholders. To be able to implement this strategy successfully, the Company will:
 - a. Subdivide the market while focusing significantly on small and medium-sized enterprises and personal insurance.
 - b. provide various types of products and services.
 - c. distinguish itself from competitors by quick communication with customers and expedited delivery of services.
 - d. adopt a precise pricing strategy.
 - e. increase customer satisfaction to ensure retaining them.
 - f. adopt an active approach in the management of accounts.
 - g. the Company uses its huge customer database to market other products.

Strengths and Competitive Advantages of the Company

The Company is distinguished from its competitors by the following:

- The ability to attract, qualify and maintain qualified human resources.
- Excellence in automation.
- Long and distinguished experience of the management of the Company.
- Excellence in providing innovative products and services.

Market overview

Subject to the 2020G Q3 report, as issued by the Saudi Central Bank (formerly: SAMA), the total underwritten insurance premiums have been decreased by 0.4% compared to the 2019G Q3 to reach 8.8 billion Saudi Riyals. The decrease of total underwritten premiums of health insurance by (10.1%) has led to a decrease from (67.7%) in 2019G Q3 to (59.2%) in 2020G Q3, with a decrease of (6.5%). On the other hand, during the quarter, an increase in the total underwritten premiums of protection and savings insurance by 33%, which led to an increase in its share of the total underwritten premiums from (2.5%) in 2019G Q3 to (3.4%) in Q3 of the current year. As for the total underwritten premiums of Motor insurance, they are increased by (8.7%) to constitute (21.8%) of the total underwritten premiums. As for the underwritten premiums of other types of general insurance, there was an increase of (31.4%) compared to the corresponding quarter of last year, where its share of the total underwritten premiums was 15.6% compared to (11.8%) in 2019G Q3.

On the other hand, the depth of insurance to GDP decreased from (1.8%) in Q1 to (1.5%) in Q2 of 2020. As for the depth of insurance to non-oil GDP, it decreased by (0.6%) compared to the corresponding quarter of 2019 to become (1.9%). The results also showed that the net underwritten insurance premiums decreased from (7,707.6) million Saudi Riyals in 2019G Q3 to (7,410.4) in 2020G Q3, with a decrease of (3.85%).

When the Corona virus spread outside China in the second half of February 2020. Many countries have begun to impose public health containments to delay the spread of pandemic and strengthen the capacity of the health Sector. The development of the situation in this way led to a sudden halt for all economic activities. As a result, the spread of the virus has significantly impacted the global economy and put pressure on individuals, businesses and governments. Global growth is expected to decline by (3%) in 2020, according to the World Economic Outlook report issued by the International Monetary Fund in April 2020. Commodity prices fell to a record level while the prices of safe assets, such as: gold and US Treasuries. Bank losses of the private sector's credit portfolios are likely to rise with the continued suspension of economic activities. The outbreak of the Corona virus is likely to have significant economic repercussions on the Kingdom, especially with the situation exacerbated by the sharp decline in oil prices as caused by the significant drop in demand due to the global travel ban as well as the suspension of most economic activities.

The Saudi government has taken hard financial and economic measures to limit the consequences of these developments and to provide support to both society and the economy. Many ministries and agencies have undertaken a large number of exceptional initiatives and stimulus packages in light of the spread of the virus. Where the Ministry of Finance announced a stimulus package of more than 70 billion Saudi Riyals aimed at supporting the private sector, especially the SME Sector. The Ministry of Health also announced support for the health sector, with an amount exceeding 47 billion Saudi Riyals. The Saudi Industrial Development Fund (SIDF) postponed and restructured the payments of customer loans, whose instalments are due in 2020, for SMEs, medical enterprises, and medium and large factories.

Summary of Risk Factors

All prospective investors should carefully consider and review all information contained in this Prospectus, particularly the below risk factors, before making their investment decision regarding subscription or trading in the Rights Shares, as separately detailed in Section 2 (“**Risk Factors**”).

- **Risks of the Company’s Activity and Operations**
 - Risks of Insufficient Capital and Minimum Capital Requirements
 - Risks of Accumulated Losses
 - Risks of Penalties by the Competent Regulatory Authorities
 - Risks of Failure to Implement the Strategy
 - Risks of Credit
 - Risks of Credit Ratings
 - Risks of Claims Management Process
 - Risks of Transactions with Related Parties
 - Risks of Contracts with Third Parties
 - Risks of Inadequacy of Provisions and Reserves
 - Risks of Contingent Liabilities
 - Risks of Reinsurance
 - Risks of Reinsurance Concentration
 - Risks of Reliance on Insurance Brokers
 - Risks of Poor Assessment of Risks
 - Risks of Risk Management Policies
 - Risks of Investment
 - Risks of Non-issuance or Non-renewal of Licenses, Permits and Certificates
 - Risks of Dependence on Key Personnel and Executive Management
 - Risks of Financial Performance
 - Risks of Employees Mistakes and Misconduct
 - Risks of Cancellation or Non-renewal of Insurance Policies
 - Risks of Translation of Insurance Policies
 - Risks of Availability of Funding in Future
 - Risks of fraudulent insurance uses, claims and other activities
 - Risks of the Increase in the Company’s Liabilities
 - Risks of Saudization Requirements
 - Risks of Occurrence of Natural Disasters
 - Risks of Non-compliance with the Quality Standards and Specifications required by Customers
 - Risks of Litigation
 - Risks of Potential Zakat Dues and Additional Claims
 - Risks of the Concentration of Written Premiums on Motor Sector
 - Risks of the Protection of Trademarks and Equity
 - Risks of Reliance on non-Saudi Employees

- **Error! Reference source not found.**Risks of the Outbreak of the Coronavirus "Covid-19"
- Risks of the Company's Reputation
- Risks of Anti-Money Laundering and Anti-Terrorism Financing Regulations
- **Risks of Market and Industry**
 - Risks of the Economic Performance of the Kingdom
 - Risks of Political and Economic Instability in the Middle East
 - Risks of Laws and Regulations
 - Risks of Non-compliance with Existing Laws and regulations and/or Issuance of New Laws and Regulations
 - Risks of Withdrawing the License to Conduct Insurance Activities
 - Risks of Adjustments to Accounting for Zakat and Income Tax by SAMA
 - Risks of Reporting Requirements
 - Risks of the Competitive Environment
 - Risks of Insurance Market Growth
 - Risks of Limitations of Historical Data
 - Risks of the Lack of Cultural Awareness of Insurance and Its importance
 - Risks of Value-added Tax (VAT)
 - Risks of Government Fees Applicable to non-Saudi Employees
 - Risks of the Decline of Client Confidence
 - Risks of non-Compliance with the Regulations of the Council of Cooperative Health Insurance (CCHI)
 - Risks of Fluctuations in Exchange Rates
 - Risks of Not-Controlling of Prices
 - Risks of the Scarcity of Qualified Local Cadres
 - Risks of Insurance Business Cycle
- **Risks of the Offered securities**
 - Risks of Potential Fluctuation in the Price of the Rights
 - Risks of Potential Fluctuations in the Share Price
 - Risks of non-Profitability or Selling the Rights
 - Risks of Future Data
 - Risks of the Possibility of Issuing new shares
 - Risks of lack of demand for the Company's Rights and shares
 - Risks of Dilution of Ownership
 - Risks of Not Exercising the Priority Rights in a Timely Manner
 - Risks of Dividends
 - Risks of Speculation in Priority Rights
 - Risks of suspending trading or cancellation of Company's shares failure to publish its financial statements within the statutory period

Financial Information Summary

The below financial information summary is based on Company's audited financial statements for the years ending on December 31, 2018G, 2019G and 2020G, and notes attached thereto.

Statement of financial condition (000's SAR)	Fiscal year ended December 31			Increase/(decrease)		CAGR – 2018G – 2020G
	2018G (Audited)	2019G (Audited)	2020G (Audited)	December 2019G	December 2020G	
Total assets	552,216	562,830	607,410	%1.9	%7.9	%3.5
Total liabilities	414,568	419,202	461,779	%1.1	%10.2	%4.0
Total Shareholders' Equity	137,648	143,628	145,631	%4.3	%1.4	%2.1
Total liabilities and shareholders' equity	552,216	562,830	607,410	%1.9	%7.9	%3.5

Source: Audited financial statements for the fiscal years 2018G, 2019G and 2020G

Statement of Income (000's SAR)	Fiscal year ended December 31			Increase/(decrease)		CAGR – 2018G – 2020G
	2018G (Audited)	2019G (Audited)	2020G (Audited)	December 2019G	December 2020G	
Gross Written Premiums	500,013	529,352	515,117	%5.9	(%2.7)	%1.5
Net written premiums	456,012	470,867	449,460	%3.3	(%4.5)	(%0.7)
Net Earned Premiums	437,021	467,099	445,421	%6.9	(%4.6)	%1.0
Total revenues	450,305	473,101	455,793	%5.1	(%3.7)	%0.6
Total subscription costs and expenses	359,320	392,753	384,270	%9.3	(%2.2)	%3.4
Net underwriting income	90,985	80,348	71,523	(%11.7)	(%11.0)	(%11.3)
Total Other Operational (Expenses)	(87,778)	(72,708)	(67,521)	(%17.2)	(%7.1)	(%12.3)
Total income for the year	3,207	7,640	4,002	%138.2	(%47.6)	%11.7

Source: Audited financial statements for the fiscal years 2018G, 2019G and 2020G

Statement of Cash flows (000's SAR)	Fiscal year ended December 31			Increase/(Decrease)		CAGR – 2018G – 2020G
	2018G (Audited)	2019G (Audited)	2020G (Audited)	December 2019G	December 2020G	
Net cash generated from / (used in) operating activities	37,892	(5,111)	(3,085)	N/A	(%39.6)	N/A
Net cash (used in) / generated from investing activities	(21,995)	2,279	75,990	(%110.4)	N/A	N/A
Net cash (used in) / generated from financing activities	-	(13,184)	(2,435)	N/A	(%81.5)	N/A
Change in cash balances and cash equivalents	15,897	(16,016)	70,497	(%200.7)	N/A	%110.6
Cash and cash equivalents at the beginning of the year/period	77,598	93,495	77,479	%20.5	(%17.1)	(%0.1)
Cash and cash equivalents at the end of the year/period	93,495	77,479	147,976	(%17.1)	%91.0	%25.8

Source: Audited financial statements for the fiscal years 2018G, 2019G and 2020G

Key Performance Indicators	Financial Year ending on December 31		
	2018G (Audited)	2019G (Audited)	2020G (Audited)
Attribution rate	7.9%	10.2%	11.9%
retention rate	91.2%	89.0%	87.3%
Loss rate	74.3%	77.3%	79.5%
Insurance policy acquisition costs/Net Earned Premiums	6.8%	5.4%	9.6%
Commissions earned from reinsurance/Net Earned Premiums	0.5%	0.8%	0.9%

Source: Management information

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1 Terms and Definitions

The following table shows a list of the terms and definitions used throughout this Prospectus

Term	Definition
Company or Issuer	Allied Cooperative Insurance Group -ACIG, a Saudi Joint Stock Company
Management	Executive Management of the Company.
Kingdom	Kingdom of Saudi Arabia.
Bylaws	Bylaws of the Company.
Ministry of Commerce	Ministry of Commerce (formerly: Ministry of Commerce and Investment) in the Kingdom of Saudi Arabia.
Ministry of Investment	Ministry of Investment (formerly: Saudi Arabian General Investment Authority) in the Kingdom of Saudi Arabia.
Rules on the offer of Securities and Continuing Obligations	Rules on the offer of Securities and Continuing Obligations issued by the Board of Directors of Capital Market Authority pursuant to Resolution No. 3-123-2017 dated 09/04/1439H (corresponding to 27/12/2017G) in accordance with the Capital Market Law passed by Royal Decree No. (M/30) dated 02/6/1424H (corresponding to 01/08/2003G), and amended by CMA Board Resolution No. 1-7-2021 dated 01/06/1442H (corresponding to 14/01/2021G).
Board, Board of Directors or Directors	Company's Board of Directors, whose names are stated in Page (iv) and (46)
Advisors	Advisors to the Company in relation to the subscription, with names appearing on Pages (vi) and (vii).
CMA or Authority	The Capital Market Authority of the Kingdom of Saudi Arabia.
SAMA	Saudi Central Bank (previously known as: Saudi Arabian Monetary Authority).
Council of Cooperative Health Insurance	A governmental entity to supervise the application of Cooperative Health Insurance law
CML	Capital Market Law issued under Royal Decree No. (M/30) dated 02/6/1424H (corresponding to 01/8/2003G), as amended.
Saudi Exchange (Tadawul)	The Saudi Exchange Company (Tadawul), established pursuant to the of Councils of Ministers Resolution dated 29/02/1428H (corresponding to 19/03/2007G), in implementation of the Capital Market Law, a closed Saudi Joint Stock company, and the only entity authorized to operate as a stock exchange in the Kingdom of Saudi Arabia, where it lists and trades securities.

Saudi Stock Exchange, Stock Exchange, Stock Market, Exchange, or Tadawul	Saudi Exchange for trading of securities
Tadawul	Automated Saudi securities trading system.
Companies Law	Companies Law promulgated by Royal Decree No. (M/3) dated 28/1/1437H (corresponding to 10/11/2015G), enter in force on 25/07/1437H (corresponding to 02/05/2016G) as amended by Royal Decree No. (M/79) dated 25/07/1439H (corresponding to 11/04/2018G).
Cooperative Insurance Companies Control Law	Cooperative Insurance Companies Control Law issued under Royal Decree No. (M/32) dated 02/6/1424H (corresponding to 31/7/2003G).
Executive regulation of Cooperative Insurance Companies Control Law	The Executive Regulation of the Cooperative Insurance Companies Control Law issued by the Saudi Central Bank (formerly": the Saudi Monetary Agency) on 01/03/1425H (corresponding to 20/04/2004G).
Saudi Central Bank Licences	A licence to carry out insurances and reinsurances (where applicable as issued by the Saudi Central Bank (formerly: the Saudi Arabian Monetary Agency)
Insurance	Transferring the burden of risks from the insured to the insurer (or the insurance Company) and compensating those who suffered damage or loss by the insurer (or the insurance Company).
Insurance Policy	A legal contract by which the insurance Company undertakes to compensate the insured for loss and damage covered by the document or the policy in return for a premium paid by the insured to the insurance Company.
General Assembly	General Assembly of the Company.
Extraordinary General Assembly	Extraordinary General Assembly of the Company
Ordinary General Assembly	Ordinary General Assembly of the Company
Government	Government of the Kingdom of Saudi Arabia.
Corporate Governance Regulations	Corporate Governance Regulations issued by the CMA's Board pursuant to Resolution No. (8-16-2017) dated 16/5/1438H (corresponding to 13/2/2017G), in accordance with the Companies Law promulgated by Royal Decree No. (M/3) dated 28/1/1437H, as amended by the CMA Board Resolution No. 3-57-2019 dated 15/09/1440H (corresponding to 20/05/2019G).
Insurance Companies Governance Regulations	Saudi Insurance Companies Governance Regulations as issued by the Saudi Central Bank on 08/01/1437 AH (corresponding to 21/10/2015G).

Related Parties	<p>Means, under the Rules on the Offer of Securities and Continuing Obligations and the Glossary of terms used in the regulations of the Capital Market Authority as issued by the CMA Board Resolution No. 4-11-2004 dated 20/08/1425H (corresponding to 04/10/2004G) as amended by CMA Board Resolution No. 1-104-2019 dated 01/02/1441H (corresponding to 30/09/2019G).</p> <ol style="list-style-type: none"> 1. Affiliates of the Issuer. 2. Substantial shareholders in the Issuer. 3. Directors and senior executives in the Company. 4. Directors and senior executives of the affiliates of the Issuer. 5. Directors and senior executives of the substantial shareholders of the Issuer. 6. Any relatives of the persons referred to in (1, 2, 3, 4, or 5) above. 7. Any company controlled by any person referred to in (1, 2, 3, 4, 5, or 6) above.
Listing Rules	Listing Rules issued by the Saudi Stock Exchange ("Tadawul") and approved by virtue of CMA Board Resolution No. 3-123-2017 dated 09/4/1439H (corresponding to 27/12/2017G), as amended by Resolution No. 1-104-2019 dated 01/02/1441H (corresponding to 30/09/2019G).
International Financial Reporting Standards (IFRS)	A set of accounting standards and interpretations thereof issued by the IASB.
Financial Year(s)	is the period for presenting the outcome of the establishment's activity. the commencement and end of such period are specified in the memorandum of association or articles of association of the relevant Company. Note that the Company's fiscal year shall end on December 31.
Localization/ Saudization	Replacement of expatriate workers by Saudi citizens in private sector jobs.
Saudi Riyal/SAR	The official currency of the Kingdom of Saudi Arabia.
Saudi Organization for Certified Public Accountants (SOCPA)	Saudi Organization for Certified Public Accountants in the Kingdom of Saudi Arabia
General Organization for Social Insurance	General Organization for Social Insurance in the Kingdom of Saudi Arabia
Ministry of Human Resources and Social Development	Ministry of Human Resources and Social Development (formerly: Ministry of Labour and Social Development) in the Kingdom of Saudi Arabia
Business Day	Any business day except for Fridays and Saturdays, any day that is an official holiday in the Kingdom of Saudi Arabia, or any day on which banks are closed in accordance with applicable laws and other government procedures.
Labor Law	The Saudi Labor Law issued by Royal Decree No. M/51 dated 23/08/1426H (corresponding to 27/09/2005G), amended by Royal Decree No. M/5 dated 07/01/1442H (corresponding to 26/08/2020G).
H	Hijri calendar.

G	Gregorian calendar.
Securities Depository Center Company / Depository Center	a closed joint stock Company wholly owned by the Saudi Exchange Company (Tadawul). It established in 2016 under the Saudi Companies Law as issued by Royal Decree No. M/3 dated 28/01/1437H (corresponding to 11/11/2015G).
Vision 2030	The National Strategic Economic Program aims to reduce dependence on oil and the petrochemical industry, attempts to diversify the Saudi economy, and develops public services.
VAT	On 02/05/1438H (corresponding to 30/01/2017G), the Cabinet decided to approve the unified VAT agreement for Gulf Cooperation Council (GCC) countries, which came into force on 01 January 2018G, as a new tax added to the system of taxes and other fees to be implemented by Specific industries in the Kingdom, and in the GCC countries. The amount of this tax is 5%, where a number of products have been excluded from it (such as basic foods, services related to health care and education). The Kingdom's government decided to increase the value-added tax rate from 5% to 15% starting from 01 July 2020G.
The Rights	Rights are tradable securities that entitle its holders the right to subscribe to New Shares upon approval of the capital increase. It is an earned right for all Registered Shareholders and each Right entitles its holder to subscribe to one share of the New Shares at the Offer Price. Rights will be deposited after the Extraordinary General Assembly for the capital increase has convened on 26/05/1443H (corresponding to 30/12/2021G). These rights will appear in the Registered Shareholders' accounts under a new pre-emptive right-related symbol. The Registered Shareholders will be informed of the deposit of the Rights in their portfolios, and by my Tadawul services as provided by Depository Center and by SMS sent by corporate brokers.
Indicative Value of a Right	The difference between the market value of a Company's shares during the trading period and the offering price.
Right Price	The trading price of a Right as determined by the supply and demand mechanism in the market. Therefore, it may differ from the indicative value of a right.
Underwriter	FALCOM Financial Services
Lead Manager	FALCOM Financial Services
Offering Period	From 30/05/1443H (corresponding to 03/01/2022G) to the end of the trading on 10/06/1443H (corresponding to 13/01/2022G).
Offer/subscription Price	SAR (10) ten Saudi Riyals per share.
Rump Shares	Remaining Shares, if any, which were not subscribed for during the Offering Period.
Rump Offering	Rump shares unsubscribed by eligible persons shall be offered to institutional investors by offering them during Rump Offering Period.

Rump Offering Period	The period starts from 10:00 AM on 15/06/1443H (corresponding to 18/01/2021G) until 05:00 PM of the next day on 16/06/1443H (corresponding to 19/01/2021G).
New shares	Fifteen million (15,000,000) ordinary shares, will be issued as a result of the increase of the Company's capital
Eligibility factor	A fraction whose numerator is the number of new shares and whose denominator is the number of existing shares of the Company.
Eligible persons	All Rights holders, whether Registered Shareholders or those who have purchased the Rights during the Trading Period.
Substantial Shareholders	Shareholders owning 5% or more of the Company's share capital. As at the date of the Prospectus, the Substantial Shareholder of the Company (owning 5% or more of the Company's share capital) is Tharwa Al Khaleej Holding Company owns Two million one hundred fifteen thousand (2,115,000) shares, i.e. (15.0%) of the Company's shares before the offering.
Incorporating Shareholders	Shareholders who incorporated the Company
The Public	<p>According to CMA rules and regulations, the Public means any person other than the following:</p> <ol style="list-style-type: none"> 1- Affiliates of the Issuer; 2- Substantial Shareholders in the Issuer; 3- Members of the Board of Directors and senior executives in the Company; 4- Directors and senior executives of the affiliates of the Issuer; 5- Directors and senior executives of the Substantial Shareholders of the Issuer; 6- Any relatives of the persons referred to in bullet points (1, 2, 3, 4, or 5) above; 7- Any Company controlled by any person referred to in (1, 2, 3, 4, 5, or 6) above; 8- Persons working together and, collectively, holding (5%) or more of the share class to be listed.
Net Proceeds	Net Proceeds of Offering after deduction of offering expenses.
Person	Natural person
Prospectus	This document prepared by the Company in relation to the underwriting of Rights Issue.
Listing	Listing securities on the primary market or - where the context allows - submitting a listing application to Tadawul.
Registered Shareholders	Shareholders recorded in the Company's Register as of the close of trading on the date of the EGM on Capital Increase, and Shareholders recorded in the Company's Shareholders Register held with Depository Center at the close of the second trading day following the date of the EGM on Capital Increase dated [●]H (corresponding to [●]G).

New Shareholders	General Individual and institutional investors - with the exception of the Registered Shareholders - who have purchased the Rights Issue during the trading period.
Shares	The Company's Ordinary Shares are fourteen million one hundred thousand (14,100,000) Ordinary Shares, with a nominal value of ten Saudi Riyals (SAR 10) per share.
Brokers	the market institutions licensed by the Capital Market Authority to engage in the activity of dealing in securities in the capacity of an agent.
Institutional Investors	<p>Include a number of institutions, as follows:</p> <ol style="list-style-type: none"> 1. Government entities and Government owned companies, whether investing directly or through a portfolio manager, or any international entity recognized by CMA, the Exchange or any other stock exchange recognized by CMA or the Depository Center; 2. Mutual funds established in the kingdom and publicly offered besides private funds which invest on the securities listed in the Saudi Stock Exchange, if such is permitted by the fund's terms and conditions and subject to the provisions and restrictions provided in the Investment Fund Regulations; 3. Persons authorized to deal in securities as principals, provided that the financial adequacy requirements are observed; 4. Customers of a person authorized to perform the works of the management, provided that such authorized person has been appointed on terms upon which it may make decisions regarding the acceptance of the Offering subscription and investment in Tadawul on behalf of the customer without obtaining prior approval; 5. Any other legal persons may open an investment account in the Kingdom and an account with the Depository Center, taking into account the controls on investment companies listed in financial markets, provided that the participation of the Company shall not cause any conflict of interests; 6. GCC Investors with Legal Personality, Including companies and funds established in the GCC countries; 7. Qualified foreign investors; and <p>A final beneficiary of a legal capacity in a mutual agreement concluded with an authorized person in accordance with the terms and conditions of the mutual agreements.</p>
Subscriber	Any Person subscribes to shares offering for subscription
Shareholder	Owner or holder of shares as of any specified time.
GCC	The Gulf Cooperation Council.
Compound Annual Growth Rate	A method used to calculate the growth rate of a particular item over a specified period of time.
GDP	The gross domestic product of the Kingdom of Saudi Arabia. It is the market value of all locally-recognized final goods and services produced during a specified period.

Corona Virus or Covid-19	It is a contagious viral disease known as the Corona virus and abbreviated "Covid-19", as it began to spread in most countries of the world, including the Kingdom of Saudi Arabia, at the beginning of the year 2020, and as a result, the World Health Organization classified it as a pandemic.
General Authority of Zakat and Tax	General Authority of Zakat and Tax (formerly the Department of Zakat and Income Tax), a government agency affiliated regulatorily with the Minister of Finance, which is the body entrusted with the work of levying zakat and tax collection.
Underwriting Agreement	The underwriting agreement concluded between the Company and the Underwriter.
Rules of Qualified Foreign Financial Institutions Investment in Listed Securities	The Rules that regulate the investment in securities by non-Saudis residing outside the Kingdom; as issued by the Board of the Capital Market Authority pursuant to Resolution 1-42-2015 dated 15/07/1436H (corresponding to 05/04/2015G) and as amended by Resolution No. 3-65-2019 dated 10/14/1440H (corresponding to 06/17/2019G).
Procedures and instructions for companies, whose shares are listed in the market with accumulated losses of 20% or more of their capital	Rules of accumulated-losses companies as issued by the CMA Board pursuant to Resolution No. 4-48-2013 dated 15/01/1435H (corresponding to 18/11/2013G) and as amended by the CMA Board Resolution No. 1-77-2018 dated 05/11/1439H (corresponding to 18/07/2018G)
Unemployment Insurance (SANED)	A scheme, provided by General Organization for Social Insurance, is based on the patronage of the Saudi worker and his family during the period of unemployment for such reasons out of his control. This scheme shall be applied to all Saudis under age of Fifty Nine subjected to the Annuities Branch under the social insurance laws. The scheme is issued by the Royal Decree no. (M/18) dated on 12/03/1435H. the scheme shall be applied in the Kingdom of Saudi Arabia as of, for organizations using Hijri calendar, 01/11/1435H and, for organizations using Gregorian calendar, 01/09/2014G
NITAQAT Scheme	A program of the Ministry of Human Resources and Social Development. It is a program to motivate enterprises to employ Saudis. It was approved by Resolution No. (4040) dated 28/01/1432H (corresponding to 09/10/2011G) based on Cabinet Resolution No. (50) dated 13 /05/1415H (corresponding to 27/10/1994G), and the program evaluates the performance of the facility on specific ranges basis (Platinum, green, yellow and red) according to the activity and industry under which the company falls. Such NITAQAT Scheme was amended by Resolution NO. (63717) dated 29/03/1441H (corresponding to 26/11/2019G), where the yellow range was canceled from NITAQAT and all facilities in the yellow band were transferred to the red band and the red band standards contained in the NITAQAT Scheme guide were applied to these facilities.
Insurance Broker	A legal person acting against a commission who negotiates with the Company to complete the insurance procedures for the insured.
Insurance Broker	A legal person acting against a commission who negotiates with the Company to complete the insurance procedures for the insured.

Subscription	Risk insurance acceptance process.
Solvency Margin	The extent to which the Company's assets can be converted into cash other than its obligations.
Technical (Reserves) Provisions	Amounts allocated by the Company to cover expected losses arising from some insurance policies and resulting financial obligations.
Statutory Reserves	A percentage that must be deducted from the Company's net profit stipulated by Article (V) of the Insurance Companies Control Law as issued by SAMA as per Royal Decree No. M/32 dated 06/02/1424H (corresponding to 31/07/2003G).
Reinsurance	The process by which burdens of insured risks shall be transferred from the insurer to the reinsurer, thus indemnifying the insurer by the reinsurer for payments to the insured in case of damage or loss.
Gross Written Premiums	Gross premiums of insurance contracts written during a specified period without deducting the premiums assigned to the insurance Company.
Assigned Premiums	Premiums assigned to reinsurance companies in the context of reinsurances.
Unearned premiums	The portion of written premiums that covers risks related to subsequent financial periods.
Claims under settlement	Claims and accidents that the insured has reported to the insurance Company, that are still under investigation and have not been settled or paid. They equal the value of the losses claimed by the insured, based on the amounts of the insurance policy.
Costs of document subscriptions under settlement	The total costs of subscribing insurance policies, including commissions, the portion of administration-related expenses and other overhead costs attributable to insurance operations.
Total Paid Claims	The value paid by the insurance Company to the insured as compensation for the risks or damages they were exposed to according to the terms and conditions of the insurance policy.
Net Paid Claims	Total claims after deducting the reinsurers' commission from those claims.
Net Paid Claims	Total claims after deducting the reinsurers' commission from those claims.
Claims settlement	Procedures carried out by insurance companies, whether technical or legal, may delay the payment of claims to policyholders in the same maturity period.
Unreported Incurred Claims	Amounts owed by the insurer in favor of the insured as a result of claims that occurred and not reported on the date of preparing the financial statements.
Net Incurred Claims	Claims that were disbursed during the period after settlement of outstanding claims.

Surplus of insurances	The insurance Company's net business pproceeds from the insurance, which is the difference between total revenue and total costs and expenses.
excess of loss	A non-relative type of reinsurance agreement where the insured must waive certain risks within certain amounts exceeding the value of the loss that the insured agreed to accept, and the reinsurer undertakes to accept the insurance for the risks assigned to him.
Insured	The natural or legal person who concludes the insurance contract.
Insurance Company	An insurance Company that accepts insurance contracts from the insured and undertakes to compensate for the risks directly exposed to the insured.
Claim	Written notice given by the insured to the insurer requesting compensation for an accident covered under the terms of the insurance policy.
General Insurance	<p>Subject to the Executive Regulation of the Cooperative Insurance Companies Control Law as issued by SAMA, general insurance includes the following:</p> <ol style="list-style-type: none"> 1. Accident and liability insurance. 2. Motor insurance. 3. Property insurance. 4. Marine insurance. 5. Aviation insurance. 6. Power insurance. 7. Engineering insurance. 8. Other branches of general insurance: including other branches of general insurance that were not mentioned above.
Accident and liability insurance	includes 1. Personal accident insurance. 2. Work injury insurance. 3. Employer liability Insurance 4. Third party liability insurance. 5. General liability insurance. 6. product liability Insurance. 7. Medical liability insurance. 8. Professional liability insurance. 9. theft and burglary Insurance. 10. breach of trust Insurance. 11. Cash-in-safe and Cash-in-transit Insurance. 12. Any other insurances that fall within the scope of liability insurance.
Motor insurance	includes insurance against losses and liabilities related to vehicles, excluding transportation risks.
Property insurance	includes loss insurance that may result from fire, theft, explosions, natural phenomena, disturbances, and any other insurances within the scope of property insurance.
Marine insurance	includes seaborne cargo insurance, ship hulls Insurance, liabilities Insurance, and any other insurances that fall within the scope of marine insurance.
Engineering insurance	includes contractors' risks insurance, installation and construction risks-related insurance, electrical and electronic appliances insurance, machinery damage insurance, and any other insurances that may fall within the engineering insurance.

Health Insurance	includes medical costs, medicines, all medical and treatment services and supplies, and management of medical programs.
Portfolio	The Company's investment portfolio is a compound instrument of investment vehicles that contains two or more assets.
S&P	Standard & Poor's is a US credit rating agency.
A.M. Best	A.M. Best is a US credit-rating agency, focusing on the insurance industry around the world.

2 Risk Factors

In addition to other information provided herein, all prospective investors should carefully consider all information contained in this Prospectus, particular attention to the risk factors described below, before deciding whether to subscribe for the Rights Shares. The risk factors described below may not include all the risks that the Company may encounter, as there could be other risks currently unknown to, or considered immaterial by, the Company, which may preclude its operations. The Company's business, financial position, results of operations, cash flows, and prospects could be adversely materially affected if any of the following risks materialize.

The Board Members further declare that, to the best of their knowledge and belief, there are no material risks the omission of which would affect decisions taken by Shareholders as of the date of this Prospectus, except as disclosed in this Section.

An investment in the Rights Shares is only suitable for investors who are capable of evaluating the risks and merits of such an investment and who have sufficient resources to bear any loss which might result from such an investment. Prospective investors who have doubts about subscription in the Right Shares should consult a financial adviser licensed by CMA for advice on such investments.

In the event that any of the risks that the Company currently believes to be material do occur, or if any other risks that the Company fails to identify or does not currently consider to be material do occur, the market value of the Shares could decrease and prospective investors could lose all or part of their investment.

The risks and uncertainties described below are presented in an order that does not reflect their importance. Additional unknown risks and uncertainties or those deemed immaterial may have the impacts described in this Prospectus.

2.1 Risks of the Company's Activity and Operations

2.1.1 Risks of Insufficient Capital and Minimum Capital Requirements

According to Article Sixty-Six (66) and Article Sixty-Eight (68) of the Implementing Regulations of Cooperative Insurance Companies Control Law issued by SAMA, insurance companies must maintain certain levels of solvency for various types of businesses. According to Paragraph (a) of Clause (2) of Article Sixty-Eight (68) of the Implementing Regulations of Cooperative Insurance Companies Control Law, if the actual solvency margin becomes between (75%) to (100%) of the required solvency margin, then the Company shall work to amend this percentage to become at least (100%) during the next quarter. For insurance companies non compliant with adequate levels of solvency in accordance with Paragraph (c) of Clause (2) of Article Sixty-Eight (68) of the Regulations, SAMA imposes on them a series of measures to correct their situations, including:

- 1) Increase of the Company's capital.
- 2) Adjustment of prices.
- 3) Reduction of costs.
- 4) Stop accepting any new subscriptions.
- 5) Liquidation of some assets.
- 6) Any other procedure deemed appropriate by the Company and approved by SAMA.

As of December 31, 2018, the solvency margin cover reached (99.8%), as of December 31, 2019, the solvency margin cover reached (93.7%), and as of December 31, 2020, the solvency margin cover reached (100.3%). The Board of Directors recommended, in its meeting held on 21/05/1441H (corresponding to 16/01/2020G), to increase the Company's capital by offering rights shares of one hundred and fifty million (150,000,000) Saudi Riyals, after obtaining all the necessary regulatory approvals and approval of (Extraordinary) General Assembly Meeting (EGM). The Company obtained a no-objection from SAMA for the capital increase according to Letter No. (42008428) dated 14/02/1442H (corresponding to 01/10/2020G).

The Company is working to increase its capital by offering rights shares, in order to reach and maintain the level of solvency required by SAMA (Please refer to subsection (3.2.7) "Using the Net Proceeds of the Offering to raise the Financial Solvency Margin" of Subsection (2.7) "Using the Proceeds of the Offering" of Section (7) "Using the Proceeds of the Offering and Future Projects" of this Prospectus"). If the Company is unable to reach the required minimum solvency margin, SAMA is entitled to oblige it to appoint a Consultant, or withdraw the Company's license and prevent it from selling its insurance products in case it fails to correct its financial conditions within a period specified by SAMA. This may have a material adverse impact on the Company's business, results of operations, financial condition and prospects.

2.1.2 Risks of Accumulated Losses

The Company's accumulated losses as of December 31, 2018 amounted to (SAR 61,233,000) Sixty One Million two Hundred and Thirty Three Saudi Riyals, which represents (30.60%) of its share capital of (SAR 200,000,000) Two Hundred Million Saudi Riyals. As of December 31, 2019, the accumulated losses of the Company amounted to (SAR 59,514,000) Fifty Nine Million Five Hundred and Fourteen Thousand Saudi Riyals, which represents (29.76%) of its capital of (SAR 200,000,000) Two Hundred Million Saudi Riyals. Also, the accumulated losses of the Company on December 31, 2020 amounted to (SAR 1,431,000) One Million Four Hundred and Thirty One Saudi Riyals, which represents (1.01%) of its capital of (SAR 141,000,000) One Hundred and Forty One Million Saudi Riyals. On 15/05/1441H (corresponding to 16/01/2020G), the board of directors recommended that the Company's capital should be decreased from (SAR 200,000,000) Two Hundred Million Saudi Riyals to (SAR 141,000,000) One Hundred and Forty One Million Saudi Riyals through the cancellation of five million and nine hundred thousand (5,900,000) shares, i.e. decreasing the Company's capital by (SAR 59,000,000) fifty nine million Saudi Riyals, in order to restructure the capital and reduce accumulated losses of the same value. Therefore, a financial advisor and auditor were appointed to proceed with capital decrease procedures.

The Company submitted a request to CMA to decrease its capital, which was approved by CMA on 24/09/1441H (corresponding to 17/05/2020G). On 07/01/1442H (corresponding to 26/08/2020G) the Extraordinary General Assembly Meeting (EGM) approved to decrease the Company's capital from (SAR 200,000,000) Two Hundred Million Saudi Riyals to (SAR 141,000,000) One Hundred and Forty One Million Saudi Riyals through the cancellation of five million and nine hundred thousand (5,900,000) shares.

On 28/01/1442H (corresponding to 16/09/2020G), the Company announced on the (Tadawul) website that its accumulated losses were decreased to zero, i.e. (0%) of the Company's capital. The accumulated losses were recognized in its financial statements for the six-month period ending on June 30th, 2021, that amounted to (SAR 6,322,000) Six Million Three Hundred and Twenty Two Thousand Saudi Riyals, which is equivalent to (4.48%) of its capital of (SAR 141,000,000) One Hundred and Forty One Million Saudi Riyals.

It should be noted that on 23/01/1438H (corresponding to 24/10/2016G) the CMA issued its decision No. (1-130-2016) amending the procedures and instructions for companies which have their shares listed in the stock market and their accumulated losses amounted to (50%) or more than their capital, in view of the Companies Law. The name of the procedures was amended to become "Procedures and Instructions for Companies Listed in the Market and which have accumulated losses amounted to (20%) or more of their capital". They were put into effect as of 25/07/1438H (corresponding to 22/04/2017G). They stipulate that the Company must immediately and without delay disclose to the public an independent announcement when its accumulated losses reach (20%) or more.

These procedures also stipulate that the Company must immediately and without delay disclose to the public an independent announcement when its accumulated losses reach (50%) or more of its capital, with a recommendation from its Board of Directors submitted to the Extraordinary General Assembly, in accordance with the requirements of Article 150 of the Companies Law, either by increasing or decreasing the Company's capital, or dissolving the Company before the term specified in its Articles of Association. In case the Company terminates under Article 150 of the Companies Law or by a decision of the Extraordinary General Assembly, the listing of the Company's shares in the market will be terminated.

There are no guarantees that the Company will not record additional losses. In the event that the percentage of accumulated losses reaches (20%) or more of the Company's capital, the Company will be subject to the CMA's regulation regarding "the Procedures and Instructions for Companies which have their shares listed in the stock market and have accumulated losses amounted to (20%) or more of their capital." In the event the accumulated

losses reached (50%) or more, the Company will be subject to a number of more stringent requirements, particularly Article 150 of the Companies Law, which obliges any Company's official or auditor, upon learning that the accumulated losses of the Company have reached (50%) or more of its capital, to inform the Chairman of the Board of Directors thereof, and the Chairman must inform the Board of Directors thereof immediately. The Board of Directors must, within (15) days of their knowledge, invite the Extraordinary General Assembly to a meeting within (45) days from the date of the Board's knowledge of the losses to decide, either to increase or decrease the Company's capital to the extent that the percentage of losses decreases to less than half of the paid-up capital, or to dissolve the Company before the term specified in its Articles of Association. The Company would be considered terminated by the force of law if the Extraordinary General Assembly did not meet during the period specified above, or if it met and could not issue a decision in this regard, or if it decides to increase the Capital in accordance with the conditions stipulated in Article 150 of the Companies Law, and the entire Capital increase has not been subscribed to within (90) days from the Assembly's decision to increase it. In the event that the Company is terminated according to Article 150 of the Companies Law or by a decision of the Extraordinary General Assembly, this will negatively and substantially affect the Company and its financial results and prospects.

It should be noted that on 03/16/1442H (corresponding to 02/11/2020G), Royal Decree No. (15016) was issued regarding the suspension of some provisions of Companies Law, and the decree No. (348) dated 10/04/1442H (corresponding to 25/11/2020G) was issued by the Minister of Commerce in accordance with the Royal Decree to suspend Article (150) of Companies Law for two years from 01/08/1441 H (corresponding to 25/03/2020G).

2.1.3 Risks of Penalties by the Competent Regulatory Authorities

The Company's business is subject to many regulations and instructions issued by SAMA, the Capital Market Authority (CMA), and the Health Insurance Council. Accordingly, the Company is subject to inspection and observation tours, which may result in penalties in case of non-compliance with laws, regulations and instructions or delay in fulfilling any of them. The Company may be exposed to a number of penalties and fines imposed by SAMA and the CMA, including suspension of some or all of its business, which will have a material adverse impact on the Company's business, financial condition and prospects.

It is worth noting that SAMA, which is considered one of the supervisory authorities for insurance companies in the Kingdom, has made some inspection visits to the Company's headquarters, in addition to other supervisory and control procedures, during the past three fiscal years. SAMA has conducted an inspection tour to verify the Company's compliance with the regulatory requirements and instructions issued by SAMA regarding the practice of insurance activity. Below are details of the inspection visits conducted by SAMA, which resulted in a number of observations and penalties were subsequently imposed on the Company, as follows:

Table no. (1): Details of SAMA inspection visits

Sr	Date	Subject	Result	Penalty
1	23/01/1438H (corresponding to 24/10/2016G)	SAMA conducted an inspection tour of the Company to verify the Company's compliance in terms of violations related to settlement of motor insurance claims and handling related complaints.	(11) observations were recorded on the Company according to the warning letter submitted to the Company No. (381000022826) dated 28/02/1438H (corresponding to 28/11/2016G) Prohibiting the Company from issuing any new motor vehicle insurance policy as of 29/02/1438H (corresponding to 29/11/2016G).	On 04/05/1438H (corresponding to 01/02/2017G), the Company received letter No. (381000049215) dated 04/05/1438H (corresponding to 01/02/2017G) from SAMA stating that the Company was allowed to issue new motor insurance policies.
2	13/10/1440H (corresponding to 16/06/2019G)	SAMA conducted an inspection tour of the Company to verify the Company's compliance with the requirements of Anti-	(8) observations were recorded on the Company according to the Company's letter No. (80/14497) dated 06/03/1441H (corresponding to 03/11/2019G). SAMA requested the Company	The Company has corrected the observations and SAMA was provided with the required documents

		Money Laundering and Anti-Terrorism Financing Regulations issued by SAMA.	to correct the observations within a period of (20) working days from the date of letter. A fine of one hundred and thirty-five thousand (135,000) Saudi Riyals was imposed.	
3	29/01/1442H (corresponding to 17/09/2020G)	SAMA conducted a field tour of the Company to assess the Company's compliance with SAMA's instructions based on the precautionary measures set by the Ministry of Health regarding fighting COVID-19.	(1) observation was recorded under the warning letter submitted to the Company No. (42028263) dated 30/04/1442G (corresponding to 15/12/2020G). SAMA requested the Company to correct the observation within a period of (20) working days from the date of the letter. A fine of five thousand (5,000) Saudi Riyals was imposed.	The Company has corrected the observation and work is underway to submit the required documents regarding the violation.
4	20/05/1442H (corresponding to 04/01/1442G)	SAMA conducted a remote examination of the Company to assess the Company's compliance with the requirements of the Information Security Regulatory Manual issued by SAMA	(5) observations were recorded according to the warning letter submitted to the Company No. (42055712) dated 09/08/1442H (corresponding to 22/03/2021G). SAMA requested the Company to correct the observation within a period of (20) working days from the date of the letter. A fine of one hundred thousand (100,000) Saudi Riyals was imposed.	The Company has corrected the observations and SAMA was provided with the required documents
5	14/09/1442H (corresponding to 25/04/2021G)	SAMA has conducted a number of supervisory activities for the Company to assess the Company's compliance with the requirements of insurance-related actuarial business controls.	(1) observation was recorded according to the warning letter submitted to the Company No. (42065154) dated 06/05/1442H (corresponding to 21/12/2020G). SAMA requested the Company to correct the observation within a period of (30) working days from the date of the letter. A fine of one hundred and sixty thousand (160,000) Saudi Riyals was imposed.	The Company has corrected some of the observations and search is underway for candidates to fill the specific positions of the actuarial department, and SAMA was provided with the required documents
6	06/10/1442H (corresponding to 17/05/2021G)	SAMA addressed the Company by e-mail to obtain its statement regarding the suspected case.	(1) observation was recorded according to the warning letter submitted to the Company No. (42069578) dated 06/10/1442H (corresponding to 17/05/2021G). SAMA requested the Company to correct the observation within a period of (30) working days from the date of the letter. A fine of four hundred thousand (400,000) Saudi Riyals was imposed.	All necessary corrective steps have been taken to avoid such violations, and SAMA has been provided with the required documents.

Source: The Company

2.1.4 Risks of Failure to Implement the Strategy

The Company's ability to increase its revenues and improve its profitability depends on the effective implementation of its business plans and successful implementation of its strategy including, but not limited to, improvement of current activities in which the Company operates or entering new activities. The Company's ability to expand its business in the future depends on its ability to continue implementing and improving its operational, financial and administrative information systems in an efficient and timely manner, as well as on its ability to increase, train, motivate and maintain its workforce. Moreover, any business expansion plans that the Company intends to undertake in the future will be subject to the estimated costs and the schedule of

implementation set for them and may need additional funding to complete any expansion plans. If the Company is unable to implement the expansion plans according to the schedule set for them with the estimated costs of the project or in the event that the desired profitability of these projects is not achieved, due to various reasons, including a change in the market situation at the time of implementation of these projects or a defect in the feasibility study, the Company's competitive position as well as its results of operations and profitability will be adversely affected.

The Company's ability to implement its current strategy is subject to various factors, including what is outside its control, and there are no guarantees that no defect, failure or sudden interruption in the work of production lines will occur during the expansion process, or that the employees appointed by the Company or the systems, procedures and controls it adopts will be Sufficient to support future growth and expansion and successfully achieve its strategy, and in the event that the Company fails to implement any part of its strategy for any reason, this will have a material adverse impact on the Company's business, results of operations, financial condition and prospects.

2.1.5 Risks of Credit

Credit risk arises when one party is unable to fulfill a specific financial obligation to the other party. the net balance of "Insurance and Reinsurance Premium Receivables" reached (SAR 98,638,000) as of the year ending on December 31, 2020G. The Company may face credit risk in several temporary or permanent cases, including failure of reinsurers to fulfill their obligations from settlements, the existence of debit balances from clients (for more information, Refer to Subsection 6.6.13 "Net Insurance and Reinsurance Premium Receivables" of Section 6 "Financial Information and Discussion of the Management Analysis" of this Prospectus, and failure of other creditors to fulfill their obligations towards the Company, etc.

Pursuant to Article (6) of the Unified Compulsory Motor Insurance Policy issued by SAMA, insurance companies are required to indemnify third party/parties (other than the insured) for the consequences of accidents covered under the insurance policy against third parties. Insurance companies have the right to recourse against the insured, the driver or the person causing the accident to recover the amount it had paid to the third party. Therefore, recourse against the insured, the driver or the person causing the accident to recover the paid amounts may results in risks of failure or procrastination by some people to repay the amounts due from them, which will have a material adverse impact on the Company's business, results of operations and financial condition.

2.1.6 Risks of Credit Ratings

As of the date of this Prospectus, the Company has not applied for a credit rating, and in the event that it applies for a credit rating, then there is no guarantee that the Company will obtain the rating, and even if it obtains the credit rating, it also does not guarantee that, such rating will reflect the Company's condition in the event that the Company's risks are high, which may have a material adverse impact on the Company's financial condition and results of operations.

2.1.7 Risks of Claims Management Process

The pricing of the Company's insurance products and the reserves for claims are based on the period between notification of claims, their processing and compensation for insurance policy holders. The claims management depends on the efficiency and effectiveness of the Company's employees regarding their ability to make decisions, manage and address the same in a timely manner.

Lack of the required efficiency by the Company may lead to delay in processing claims or wrong compensation resulting from ill-considered decisions, which may cause losses to the Company due to such decisions, and that may have a material adverse impact on the Company's business, financial condition and results of operations.

2.1.8 Risks of Transactions with Related Parties

In the course of its normal business, the Company deals with related parties represented in written insurance premiums and paid claims. The total written premiums amounted to (2) million riyals, (3.4) million riyals, (4.5) million riyals, and (3.9) million riyals, as in December 31, 2017G, 2018G, 2019G and the nine-month period ending on September 30, 2020G, and the total paid claims amounted to (200,000) Saudi Riyals, (509,000) Saudi Riyals, (378,000)

Saudi Riyals and (896,000) Saudi Riyals as on December 31, 2017G, 2018G, 2019G and the nine-month period ending on September 30, 2020G. In the event that transactions and agreements with related parties are not carried out in the future on a purely commercial basis, this will have a material adverse impact on the Company's business, results of operations, financial condition and prospects.

It is worth indicating to the results of Ordinary Assembly meeting held on 05/11/1442H (corresponding to 15/06/2021G), where a vote was taken to disapprove the business and contracts concluded between the Company and companies that have indirect interests with some Board members, and business performed between the Company and board members who have a direct interest in their personal capacity or family ties, are as follows:

- Businesses and contracts concluded between the Company and Taya Agriculture Company, where the Board member Thamer Abdullah bin Rayes has an indirect interest. They are insurance policies, and gross written premiums amounted to 11,000 Saudi Riyals during the year 2020G.
- Businesses and contracts concluded between the Company and Taya Agriculture Company, where the Board member Thamer Abdullah bin Rayes has an indirect interest. They are insurance policies, and gross written premiums amounted to 142,000 Saudi Riyals during the year 2020G.
- Businesses and contracts concluded between the Company and Arabian Gulf Company for Maintenance & Contracting, where the Board member Thamer Abdullah bin Rayes has an indirect interest. They are insurance policies, and gross written premiums amounted to 16,000 Saudi Riyals during the year 2020G.
- Businesses and contracts concluded between the Company and Abdullah Bin Rayes Foundation, where the Board member Thamer Abdullah bin Rayes has an indirect interest. They are insurance policies, and gross written premiums amounted to 72,000 Saudi Riyals during the year 2020G.
- Businesses and contracts concluded between the Company and Red Sea Navigation Company, where the Board member Mohamed Hani Al Bakri has an indirect interest. They are insurance policies, and gross written premiums amounted to 69,000 Saudi Riyals during the year 2020G.
- Businesses and contracts concluded between the Company and Board member Adel Mohammed Jamjoom, where he has a direct interest. They are insurance policies, and gross written premiums amounted to 6,000 Saudi Riyals during the year 2020G.
- Businesses and contracts concluded between the Company and Board Abdul Latif Muhammad Al Sheikh, where he has a direct interest. They are insurance policies, and gross written premiums amounted to 1,000 Saudi Riyals during the year 2020G.
- Businesses and contracts concluded between the Company and Board Hisham Mohamed Al-Sharif and his family, where he has a direct interest. They are insurance policies, and gross written premiums amounted to 50,000 Saudi Riyals during the year 2020G.

As at the date of this Prospectus, Mr. Thamer Abdullah Bin Rayes and Mr. Hisham Muhammad Al-Sharif are not members of the Board of Directors or the Executive Management. Insurance policies have been canceled for contracts where Mr. Muhammad Hani Al-Bakri has an indirect interest. The Company announced the call for Ordinary General Assembly meeting on 22/02/1443H (corresponding to 29/09/2021G) for voting on the business and contracts concluded between the Company and Mr. Adel Muhammad Jamjoom and Mr. Abdullatif Muhammad Al Sheikh. (For more information, Refer to subsection (6.6.3.5) "Related parties' Transactions and Balances" of Section (6) "Financial Information and Discussion of the Management Analysis" of this Prospectus).

All transactions with related parties must be subject to the approval of board of directors and the Company's ordinary general assembly. In the event of any future transactions with related party, such transactions should be presented to the nearest general assembly. In the event that the Company's general assembly does not approve these transactions, the Company will have to search for parties, other than related parties, to deal with them to carry out the works assigned to related parties.

The Company's inability to renew or conclude contracts with related parties, or renew the same on unfavorable terms, will have a material adverse impact on the Company's business, results of operations, financial condition and prospects.

2.1.9 Risks of Contracts with Third Parties

The Company has entered into a number of contracts and agreements with third parties related to the field of insurance, such as reinsurance contracts, and insurance brokerage contracts, where the value of reinsurance contracts amounted (43) million Saudi Riyals, (58) million Saudi Riyals and (65) million Saudi Riyals as of December 31, 2018G, 2019G and 2020G, and the value of insurance brokerage contracts amounted (1) million Saudi Riyals, (0) million Saudi Riyals and (1) million Saudi Riyals as of December 31, 2018G, 2019G and 2020G (for more information, Refer to Subsection (10.10) "Summary of Substantive Contracts" of Section (10) "Legal Information" of this Prospectus). Accordingly, the Company is exposed to the risk of inability or unwillingness of the contracting parties to fulfill their contractual obligations. They may violate their obligations for any reason, including consequences of bankruptcy, financial insolvency, or disruption of its operations. The risks arising from dealing with these parties become more acute in light of difficult market conditions.

It is also not possible to confirm that these parties will be up to the Company's aspirations. In the event that the Company or the contracting parties are unable to adhere to the terms of these contracts, or in the event of any future disputes or issues, and the Company loses these disputes, this will have a material adverse impact on the Company's business, cash flows and results of operations.

2.1.10 Risks of Inadequacy of Provisions and Reserves

The Company shall maintain provisions to meet and cover financial liabilities in accordance with Article (69) of the Cooperative Insurance Companies Control Law. Such provisions include:

- a) Unearned premiums provisions
- b) Unpaid claims provisions
- c) Claim expense provisions
- d) Incurred but not Reported ("IBNR") Claim provisions
- e) Unexpired risk provisions
- f) Disaster provisions
- g) General expense provisions

The size of reserve is estimated based on expected trends in volume of claims and their frequency according to the data available at the time. The process of putting appropriate level of claim reserves is inherently uncertain due to the difficulty and complexity of making necessary assumptions. The following table shows the amounts of such provision as of December 31, 2020G:

Table no. (2) : details of inspection visits made by SAMA

Provision	Amount (SAR'000)
Unearned premiums provisions	264,469
Unpaid claims provisions	26,094
Claim expense provisions	10,142
Incurred but not Reported ("IBNR") Claim provisions	68,643
Unexpired risk provisions	9,516

Disaster provisions	-
General expense provisions	14,006

Source: The Company

* optional provision were no penalties are imposed on the Company in case it fails to allocate any amounts for the provision.

As the size of reserves depends on future estimates, it might prove to be inadequate in any period. In case the actual claims exceeded the claims reserve, the Company would have to increase its reserves. Therefore, Reserves established for future insurance policy claims may prove to be insufficient and the Company will then need to increase reserves, which will have a material adverse impact on the Company's business, financial condition and results of operations.

2.1.11 Risks of Contingent Liabilities

Some contingent liabilities may arise on the Company, such as costs related to Zakat and taxes, in addition to any other obligations or costs related to the Company's activity. As of June 30, 2021G, the Company has contingent liabilities of (SAR 3,006,000) three million and six thousand Saudi Riyals resulting from letters of guarantee to clients, associated with guarantee letters issued for auto maintenance agencies, related to auto claim management (For more information, Refer to subsection (6.8) "Contingent Liabilities" of Section (6) "Financial Information and Discussion of the Management Analysis and Analysis" of this Prospectus). In case these liabilities are realized, they will have a material adverse impact on the Company's business, results of operations, financial condition and prospects.

2.1.12 Risks of Reinsurance

Based on its activities, the Company must reinsure its insurance portfolio with local and foreign reinsurance companies in order to reduce insurance risks. According to Article (40) Forty of the Implementing Regulations of the Cooperative Insurance Companies Control Law issued by SAMA, the Company must keep at least thirty percent (30%) of the total premiums (As of the date of this Prospectus, the Company, is bound by this condition). According to the same Article, the Company must reinsure at least thirty percent (30%) of the total premiums (the Company is currently bound by this condition).

According to Article (21) of the Cooperative Insurance Companies Control Law issued by SAMA, SAMA may impose a fine of up to One Million Saudi Riyals on companies that fail to comply with the aforementioned percentages. Therefore, if the Company fails to comply with such percentages, it will be exposed to this fine, which will have a material adverse impact on the Company's financial condition, results of operations and prospects.

The Company's ability to secure reinsurance companies at costs appropriate to the Company is subject to several factors, the most important of which are the prevailing market conditions, which are usually beyond the Company's control, and the financial strength of the reinsurance companies. In the event that the Company is not able to maintain its relations with reinsurance companies or replace them with reinsurance companies with the same efficiency, it will increase its exposure to risks and limit its ability to increase the volume of its business. Transactions with reinsurers outside the Kingdom also involve additional risks related to political and economic conditions, and regulatory changes in the insurance sector in the regions where they belong. In case such factors affect the ability of these companies to pay their shares of future claims, this will have a material adverse impact on the Company's financial condition, results of operations and prospects.

2.1.13 Risks of Reinsurance Concentration

The Company reinsures with several reinsurance companies to secure its insurance portfolio, and that may expose the Company to risk of default by the other party. As of the date of this Prospectus, the Company reinsures with (4) four reinsurance companies inside and outside the Kingdom (for more information, refer to Subsection (10.8.3) "Reinsurance Agreements" of Subsection (10.10) "Summary of Substantial Contracts" of Section (10) "Legal Information" of this Prospectus). The three largest reinsurance companies that the Company dealt with as of December 31, 2018G, 2019G and 2020G

constituted (75.5%), (83.8%), and (64.0.8%) of total reinsured premiums, respectively. In the event of insolvency, bankruptcy or occurrence of any distress for one of the reinsurers, this will have a material adverse impact on the Company's financial condition, results of operations and prospects.

2.1.14 Risks of Reliance on Insurance Brokers

In carrying out its activities and distributing its products and services, the Company depends on the network of insurance brokers in the Kingdom. The distribution ratios of Company's products by insurance brokers with whom the Company deals were (13%), (37%), and (40%) of the total written premiums as of December 31, 2018G, 2019G and 2020G, respectively. (For more information, Refer to Subsection (10.8.3) "Insurance Brokerage Agreements" of Subsection (10.10) "Summary of Significant Contracts" of Section (10) "Legal Information" of this Prospectus).

The Company's inability to renew contracts with brokers, or SAMA imposing suspension penalty on a broker contracting with the Company, or Company's inability to secure contracts with other brokers under terms appropriate to the Company, may lead to losses incurred the Company, which may have a material adverse impact on the Company's financial condition, results of operations and prospects.

2.1.15 Risks of Poor Assessment of Risks

The Company studies potential risks before issuing insurance policies to applicants based on the actuary's report. This study is conducted by actuary expert who examines the patterns of risk development and prospects based on historical performance. The potential risks may not be clearly and accurately estimated and therefore the Company may incur losses, which may have a material adverse impact on the Company's financial condition, results of operations and prospects.

2.1.16 Risks of Risk Management Policies

The Company complies with risk management policies, follows up and update the same on continuous basis through the Risk Management Committee, and then submits recommendations to the Board of Directors, in alignment with the implementing regulations of Cooperative Insurance Companies Control Law and Risk Management Regulations for insurance companies issued by SAMA, which are evaluated and updated periodically. Failure to properly implement and update the policies, or in case of management's inability to identify and assess risks in a timely manner will expose the Company to various risks, including but not limited to, non-compliance with the Cooperative Insurance Companies Control Law and its regulations, which may expose the Company to various procedures stipulated by the law, including the withdrawal of Company's license, which will have a material adverse impact on the Company's business, results of operations, financial condition and prospects.

2.1.17 Risks of Investment

The Company's operating results partially depends on the performance of its investment portfolio. Investment results are subject to a number of investment risks, including risks associated with general economic conditions, market fluctuations, volatility of interest rates, liquidity and credit risks, and political conditions. As of June 30, 2020G, investments amounted to (SAR 49.3) million Saudi Riyals.

If the Company fails to balance its investment portfolio and solvency with its financial obligations, this may lead to the poor performance of investment portfolio and the Company may be forced to liquidate its investments at unfavorable times or prices. Managing such investments requires an effective management system and efficient follow up and ability to identify investments' quality and diversity. In case the Company's returns from investments decrease, this would lead to losses, which would have a material adverse impact on the Company's financial condition, results of operations and prospects.

2.1.18 Risks of Non-issuance or Non-renewal of Licenses, Permits and Certificates

The Company is required to obtain and maintain the various regulatory permits, licenses and approvals regarding its activities. These licenses include, but not limited to, licenses issued by SAMA, Cooperative Health Insurance Board, Ministry of investment, product licenses obtained by the Company from SAMA, Municipality, Company registration certificates issued by Ministry of Commerce, Chamber of Commerce membership certificates,

Trademark registration certificate, Saudization certificates, Zakat certificates, and VAT registration certificate. (for more information, Refer to Subsection (7.10) "Licenses and Permits under which the Company Operates" of Section (10) "Legal Information" of this Prospectus).

In case of the Company's inability to renew its current licenses, permits and certificates, or to obtain any licenses necessary for its business, or if any of its licenses are suspended or expired, or if any of those licenses were renewed on conditions that are not appropriate for the Company, or in the event that the Company is unable to obtain the additional licenses, permits and certificates that may be required of it in the future, this may expose the Company to cease and stop its operations, e.g. Company closure or freezing all services obtained from supervisory authorities (e.g. renewing licenses and certificates, issuing visas, residence permits, and transferring sponsorships ... etc). This will result in disruption of Company's operations and incurring additional costs and financial penalties according to the relevant regulations, and consequently, which would have a material adverse impact on the Company's business, results of operations, financial condition and prospects.

2.1.19 Risks of Dependence on Key Personnel and Executive Management

The Company and its future plans for success depend on the expertise and competencies of its executive management and key employees. The Company aims to attract and employ qualified individuals to ensure the efficiency and quality of business through effective management and proper operation. There is no assurance that the Company can retain the services of its employees. The Company may also need to increase the salaries to ensure retention of employees or attract new staff with appropriate qualifications and expertise. Accordingly, if the Company loses any of the senior executives or qualified employees and is unable to recruit replacements with the same level of experience and qualifications at appropriate cost, this would have a material adverse impact on the Company's business, results of operations and prospects.

On 23/01/1443H (corresponding to 31/08/2021G), the Company announced, on its page on (Tadawul), the Board of Directors' decision to appoint Mr. Muhammad Abdullah Al-Qadi as the Chief Executive Officer, after obtaining SAMA's no objection on such appointment. He was appointed to replace the previous CEO, Mr. Hisham Muhammad Abdullah Al-Sharif, who submitted his resignation on 20/10/1442H (corresponding to 01/06/2021G).

2.1.20 Risks of Financial Performance

The Company provided SAMA with a future work plan to increase its capital in September 2019G. The presented work plan focuses on assumptions, the most important of which is the development of Company's strategy and resources, using latest technologies, enhancing customer experience and reducing operating expenses. There is no guarantee that the Company will fully implement the presented assumptions. In the event that it is unable to fulfill the specified assumptions, this may have a material adverse impact on the Company's performance and future results.

2.1.21 Risks of Employees Mistakes and Misconduct

Although the Company has developed bylaws, which was approved by Ministry of Human Resources and Social Development (Labor Office) under No. (1/1825) dated 12/05/1430H (Corresponding to 16/05/2009G), and educated all staff and employee thereof, the Company cannot guarantee that it can deter employee's misconduct or mistakes, such as embezzlement, deliberate mistakes, fraud, theft, forgery, misuse of its properties and act on its behalf without obtaining the required administrative authorizations. Therefore, such actions may entail consequences and responsibilities, statutory penalties, or financial liability on part of the Company, which will negatively affect the reputation of the Company. Therefore, the Company cannot guarantee that employees' misconduct or mistakes will not materially and negatively harm its financial condition, results of its operations and prospects.

2.1.22 Risk of Cancellation or Non-renewal of Insurance Policies

The Company operates in a competitive insurance market, where the duration of insurance policies issued by the Company are generally short in their term, the Company may not be able to continue renewing insurance policies issued or to be issued in the future as expected. In case of non-renewal or cancellation of policies by policyholders, the level of written premiums by the Company may be affected in the coming years, which may affect the Company's continuity or lead to incurring losses which would have a material adverse impact on the Company's financial results and prospects.

2.1.23 Risks of Translation of Insurance Policies

Some of the Company's insurance policies are written in Arabic and translated from English. However, the translation of some items of the insurance policies offered by the Company are not accurate in clarifying some of the terms contained therein, which could lead to a dispute between the parties over the interpretation of the meaning of the policy. Courts in the Kingdom of Saudi Arabia rely on the Arabic text in the event of any dispute arises between the Company and clients, which may lead to Company-client disputes, which will lead to losses incurred by the Company, which would have a material adverse impact on the Company's business, results of operations, financial condition and prospects.

2.1.24 Risks of Availability of Funding in Future

The Company may need to obtain loans and bank facilities to finance future expansion plans. It is worth noting that obtaining financing depends on the Company's capital, financial condition, cash flows, guarantees provided, and credit record. The Company does not give any assurance or guarantee that it will obtain the appropriate financing if the need arises. Therefore, the Company's inability to obtain funding for its needs from financing sources, or to get financing at acceptable preferential terms commensurate with the Company, will have a material adverse impact on the Company's performance, operations and future plans.

2.1.25 Risks of fraudulent insurance uses, claims and other activities

The Company is vulnerable to false and fraudulent dealings from various sources, such as its suppliers, brokers, customers and other parties. This includes customers who provide incorrect statements or fail to fully disclose the covered risks before purchasing insurance coverage, and policyholders who make fraudulent claims or exaggerate those claims. It should be noted that the technical methods applied to false and fraudulent practices are constantly evolving, so they are difficult to detect.

The Company does not guarantee the occurrence of any cases of false and fraudulent practices in any aspect of the Company's business, which would in turn lead to adverse and material impact on the Company's performance, operations and future plans.

2.1.26 Risks of the Increase in the Company's Liabilities

The increase in Company's liabilities may pose a risk to the Company's general financial condition and financial solvency, as the total liabilities reached (75.07%) as of December 31, 2018G, (74.48%) as of December 31, 20189G, and (76.02%) as of December 31, 2020G. Accordingly, the increase in Company's liabilities will adversely affect its financial condition and increase financing costs. In such case, the Company will find it difficult to fulfill its obligations, which would have a material adverse impact on the Company's business, results of operations, financial condition and prospects. (For more information, Refer to Subsection (6.6) "Statement of Financial condition" of Section (6) "Financial Information and Management Discussion and Analysis" of this Prospectus).

2.1.27 Risks of Saudization Requirements

Compliance with the Saudization requirements is a legal requirement issued by the Ministry of Human Resources and Social Development in the Kingdom, whereby all companies operating in the Kingdom, including the Company, are obligated to employ a certain percentage of Saudi employees among their total employees and to maintain that percentage. According to the Nitaqat program issued by the Ministry of Human Resources and Social Development, the Saudization rate as at the date of this Prospectus amounts (88.79%) and the Company is classified within the "Platinum" range. Although the Company is currently committed to the required Saudization rates, in case the Company fails to maintain such rates or in case the Ministry of Human Resources and Social Development decides to impose more stringent Saudization policies in the future, and the Company becomes unable to comply with the requirements of Ministry of Human Resources and Social Development, it will be subject to penalties imposed by government agencies, e.g. suspension of applications for work visas and sponsorship transfer for non-Saudi workers, which would have a material adverse impact on the Company's business, results of operations, financial condition and prospects. (For more information, Refer to subsection (3.16) "Personnel and Saudization" of Section (3) "Background on the Company and the Nature of its Business" of this Prospectus).

2.1.28 Risks of Occurrence of Natural Disasters

Damages caused to the Company's facilities as a result of natural disasters, such as floods, earthquakes, and other nature incidents, may cause the Company to incur large and huge costs, and severely affects the Company's ability to perform its operations. Natural disasters, occurring and damaging the Company's facilities, will have a material adverse impact on the Company's business, results of operations, financial condition and prospects.

2.1.29 Risks of Non-compliance with the Quality Standards and Specifications required by Customers

The Company seeks to maintain the satisfaction of its customers by continuing to provide the same level of quality of its products. However, in the event that the Company is unable to continue providing its products with the same level of quality, this will adversely affect its reputation, and thus make customers reluctant to deal with it. This will adversely affect the Company's sales and accordingly its operational and financial operations.

2.1.30 Risks of Litigation

In the normal course of its business, the Company may be exposed to lawsuits and litigation relating to insurance operations and disputes and claims relating to the insurance coverage. The Company does not guarantee that no disputes will take place with other parties who deal with it or with some policyholders, which may lead to filing suits before competent judicial authorities by or against the Company. As a result, the Company may be subject to legal claims made by government bodies and departments, as well as investigations within the framework of new controls on the insurance sector in force in the Kingdom. In such cases, the Company cannot predict the results of these claims, disputes, or lawsuits, and cannot predict the financial impact thereto on the Company's financial condition and results of operations. In addition, the Company cannot anticipate the accurate cost of such lawsuits or judicial procedures that may be filed by or against the Company, or the final results of such lawsuits or judgments, where rulings are issued, including compensation and penalties, and therefore any negative consequences of such lawsuits will adversely affect the Company.

In the course of the Company's business, some policyholders filed lawsuits and claims against the Company regarding to its insurance operations, and disputes and judicial claims related to the insurance cover. As at the date of this Prospectus, the Company is a party in more than 400 claim lawsuits in insurance sector that worth eight million nine hundred and sixty one thousand five hundred and eighty nine Saudi Riyals (SAR 8,961,589) as follows:

- 54 lawsuits are filed against the Company for an amount of (SAR 4,858,997) four million eight hundred fifty-eight nine hundred and ninety-seven Saudi Riyals.
- 363 lawsuits filed by the Company before Insurance Dispute Settlement Committees (related to motor insurance sector) against different parties with a total value of (SAR 4,102,592) four million one hundred and two thousand five hundred and ninety-two Saudi Riyals.
- The Company is also required, by Health Insurance Council, to pay a fine of (SAR 735,000) seven hundred and thirty-five thousand Saudi Riyals. A decision was issued by the Committee considering violations of Cooperative Health Insurance Law and its executive regulations, obligating the Company to pay a fine of (SAR 90,000) ninety thousand Saudi Riyals, and the decision was objected to before the Board of Grievances, and the grievance submitted has not been considered till the date.

The Company also filed a lawsuit, that is still pending, against one of its former clients, claiming insurance premiums due on a medical insurance policy in the amount of (SAR 615,456) six hundred and fifteen thousand four hundred and fifty-six Saudi Riyals.

(For more information, Refer to subsection (10.10) "Disputes and Litigation" of Section (10) "Legal Information" of this Prospectus.)

2.1.31 Risks of Potential Zakat Dues and Additional Claims

The Company is subject to zakat and income tax to the extent applicable to foreign shareholders. Therefore, the Company may be exposed to obligations resulting from differences in the method of calculating the amount of zakat and income tax, which would affect the Company's business, financial condition and future expectations.

- CMA issued to the Company financial claims for withholding tax of (SAR 5,183,582) for the years 2012G, 2014G and 2015G, and the Company submitted an objection for the mentioned years, and the objection was escalated to the General Secretariat of Tax Committees.
- CMA issued to the Company letters of amendment "final assessment" for the years from 2013G to 2015G with an amount of (SAR 4,981,048). The Company submitted an objection to the final Zakat assessment for the mentioned years, under no. (035001446087). The objection was escalated to the General Secretariat of Tax Committees and notes were exchanged with CMA and the objection is under study.
- CMA issued to the Company letters of amendment "final assessment" for the year 2016G with an amount of (SAR 1,817,877). The Company submitted an objection to the final Zakat assessment for the mentioned year, under no. (035009126286). The objection was escalated to the General Secretariat of Tax Committees and notes were exchanged with CMA and the objection is under study.
- CMA issued to the Company letters of amendment "final assessment" for the year 2017G with an amount of (SAR 1,707,160). The Company submitted an objection to the final Zakat assessment for the mentioned year, under no. (05500912350). The objection was escalated to the General Secretariat of Tax Committees and notes were exchanged with CMA and the objection is under study.
- CMA issued to the Company letters of amendment "final assessment" for the year 2018G with an amount of (SAR 2,135,166) . The Company submitted an objection to the final Zakat assessment for the mentioned year in the statutory period, under no. (05009125067). The objection was escalated to the General Secretariat of Tax Committees and notes were exchanged with CMA and the objection is under study.
- CMA issued to the Company letters of amendment "final assessment" of withholding tax for the years 2016G and 2017G with an amount of (SAR 2,174,638.22). The Company submitted an objection for the mentioned years and the objection was escalated to the General Secretariat of Tax Committees. (Please refer to Subsection (10.7.2.6) "Continuing obligations according to Zakat, Tax and Customs Authority requirements" of Section (10) Legal information" of this Prospectus). The Company cannot predict if Zakat, tax and customs authority will claim the Company for any zakat differences in the future for the past years. In case the Company pays such differences, this will have a material adverse impact on the Company's profits, results of operations and prospects.
- The Company submitted an objection to the assessments of the Zakat, Tax and Customs Authority for the years from 2016G to 2018G, which demand an additional tax of (7.83) million Saudi Riyals. The objection was rejected by the Zakat, Tax and Customs Authority, and the Company submitted an objection to the General Secretariat of Tax Committees and the objection is still under study. (Please refer to subsection (10.7.2.6) "Continuing obligations according to Zakat, Tax and Customs Authority requirements" of Section (10) "Legal Information" of this Prospectus).
- The Company has filed its zakat and tax returns since it was incorporated and until December 31, 2020G. With the exception of the above, the Company paid the due zakat and obtained the zakat certificates registered for those years until the year 2020G.

2.1.32 Risks of the Concentration of Written Premiums on Motor Sector

The Company's written premiums consist of four main sectors, namely: 1) Medical 2) Motor 3) General accidnets 4) others. The Company's revenues from these sectors are concentrated in the premiums generated from the motor sector, which constituted (64.7%), (67.0%), and (65.9%) of the total written premiums of the Company as of December 31, 2018G, 2019G, 2020G respectively. The concentration of total written premiums on the motor insurance sector makes the Company vulnerable to a large and direct impact in the event that the demand decreases or the supply increases for vehicle insurance products and /or the Company is unable to renew the existing insurance policies and/ or it is unable to underwrite new insurance policies. Thus, in the event of a decrease in the written premiums from the insurance sectors in general and the motor sector in particular, this will adversely affect the Company's written premiums and accordingly its operational and financial operations. (For more information, Refer Subsection (6.5.1) "Gross Written Premiums" of Subsection (5.6) "Results of Operations-Income Statement" of Section (6) "Financial Information, Management Discussion and Analysis" of this Prospectus).

2.1.33 Risks of the Protection of Trademarks and Equity

The Company's ability to market its services and products and develop its business depends on using its name, logo and trademark, which support its business and its competitive position and give it a clear distinction in the market among customers. The Company has registered its trademark with the competent authorities (Please refer to subsection (10.9) "Trademarks" of Section (10) "Legal Information" of this Prospectus). Any breach of equity or unlawful use of the Company's trademark will affect the Company's reputation, which may force it to enter into costly court procedures and dedicate efforts of some of its administrative employees for such procedures in order to protect its trademark. If the Company fails to protect its trademark effectively when renewing the registration certificate or track similar marks, this will adversely affect its value, which will have a material adverse impact on the Company's business, results of operations, financial condition and prospects.

2.1.34 Risks of Reliance on non-Saudi Employees

The percentage of non-Saudi employees as at the date of this Prospectus constitutes about (11.21%) of the Company's total employees, which may affect the Company's business results, financial condition and operational results negatively if it is unable to maintain its non-Saudi cadres or find replacements with the same skills and required expertise or if a change occurs in the policies and regulations of the Ministry of Human Resources and Social Development, resulting in an increase in the rate of Saudization of the sector.

The government of Saudi Arabia has also taken a number of other decisions that aim to implement comprehensive reforms in the labor market in the Kingdom, which included imposing additional fees on every non-Saudi employee working for Saudi institutions as of January 1, 2018G, and on issuing and renewing residence permits for non-Saudi families. The fees entered into force starting from July 1, 2017, and increase gradually (for more information, Refer to Subsection (2.2.13) "Risks of Government Fees Applicable to non-Saudi Employees", of Section (2) "Risk Factors" of this Prospectus). Since the Company relies on a high percentage of non-Saudi employees, which will lead to an increase in government fees that the Company bears for every non-Saudi employee in terms of work licenses and residence permits, which leads to an increase in the costs of the Company in general, and thus adversely affects its business, financial performance and results of operations.

2.1.35 Risks of the Outbreak of the Coronavirus "Covid-19"

At the beginning of 2020G, an infectious viral disease known as (Corona Virus, abbreviated "Covid-19") began to spread in most Countries of the world, including the Kingdom of Saudi Arabia, and as a result the World Health Organization classified it on March 11, 2020G as a pandemic, and called for taking necessary preventive measures to confront this virus and limit its spread. Accordingly, the Government of Saudi Arabia hastened to take strict decisions in this regard, resulting in, but not limited to, imposing a partial or total curfew in some cities and governorates of the Kingdom, closing airports and commercial complexes and all activities within them, with the exception of food stores and pharmacies, and reducing the number of working hours for some sectors and forcing some of them to work remotely. The Company, like other companies operating in the Kingdom of Saudi Arabia, was affected by the precautionary decisions in particular with regard to the decisions of the Ministry of Human Resources and Social Development (Labor Office), as it was forced to suspend its operational activities, close its offices and factories and asked its employees to stay in their homes, adhere to quarantine and continue working remotely, especially the Administrative staff.

The Company has developed plans to address how to manage the effects of the outbreak and assess strikes and other risks to its operations, including protecting employees and supporting customer services. The main impact of the pandemic appears in the medical and motor insurance sector, and since the Kingdom's government has committed to the costs of medical treatment for all Saudi citizens and expatriates, as a result of the pandemic, this helped in reducing any unfavorable impact, and medical claims witnessed a decrease. With regard to the vehicle insurance sector, SAMA's circular for all insurance companies No. (189) dated 15/09/1441H (corresponding to 08/05/2020G) stipulated the extension of the validity of all current motor insurance policies for a period of two months. Since the pandemic is still continuing until the date of this Prospectus, the Company does not guarantee the occurrence of any future losses that may adversely affect its financial condition, results of operations and prospects.

2.1.36 Risks of the Company's Reputation

The reputation of the Company is very important to attract new clients, retain them and establish a strong relationship with counterparties. The Company's reputation can be damaged in future as a result of several factors, including but not limited to, the decrease or amendment to its financial results, the legal or regulatory actions against the Company, or behavior any of its employees, who may cause the Company to violate the applicable legal requirements. The damage to the Company's reputation will adversely affect its business, financial condition, results of operations, profitability of share and prospects.

2.1.37 Risks of Anti-Money Laundering and Anti-Terrorism Financing Regulations

The Company is currently compliant with the anti-money laundering and anti-terrorism financing regulations issued by SAMA, anti-money laundering and terrorism financing rules for insurance companies, anti-money laundering law and its executive regulations, anti-terrorism crime and financing law and its executive regulations. Such regulations set the procedures to be taken when accepting any client (an individual or a Company), the due diligence procedures to be followed, in addition to the procedures for reporting suspicious operations, etc. The Company is currently saving clients' information using its computer systems. Failure to comply with the Anti-Money Laundering and Anti-Terrorism Financing Regulations exposes the Company to legal accountability and thus leads to imposing fines and/or penalties that will be borne by the Company. On 06/03/1441H (corresponding to 03/11/2019G), SAMA imposed a fine of one hundred and thirty five thousand (SAR 135,000) Saudi Riyals on the Company where it violated anti-money laundering and anti-terrorism financing regulations issued by SAMA (For more information, Refer to risk (2.1.3) "Risks of Penalties by the Competent Regulatory Authorities" in this section).

In case the Company fails to comply with Anti-Money Laundering and Anti-Terrorism Financing Regulations, the Company will incur penalties imposed by regulatory authorities, which will have a material adverse impact on the Company's business, financial condition, results of operations, profitability of share and prospects.

2.2 Risks of Market and Industry

2.2.1 Risks of the Economic Performance of the Kingdom

The Company's future performance depends on a number of factors related to the economic conditions in the Kingdom in general, including, but not limited to, inflation factors, GDP growth, average per capita income, and so on. The Kingdom's macro and partial economy depends mainly on oil and oil industries, which still control a large share of the GDP. Accordingly, any unfavorable fluctuations that occur in oil prices will have a direct and substantial impact on the plans and growth of the Kingdom's economy in general and on the government spending rates, which would adversely affect the Company's financial performance as it operates within the Kingdom's economic system and it is affected by the government spending rates.

The continued growth of the Kingdom's economy also depends on several other factors, including the continued growth of the population and investments of the public and private sectors in the infrastructure. Therefore, any negative change in any of these factors will have a significant impact on the economy and thus will have a material adverse impact on the Company's business, financial results and prospects.

2.2.2 Risks of Political and Economic Instability in the Middle East

The Company's financial performance depends on the prevailing economic and political conditions in the Kingdom as well as the global economic conditions that in turn affect the Kingdom's economy. The oil sector occupies the largest share of the Kingdom's GDP. Fluctuations in oil prices may occur, which may adversely affect the Kingdom's economy. It is worth noting that the rate of economic growth in the Kingdom witnessed a slowdown in recent years. The Kingdom also faces challenges related to the relatively high population growth rates. All of these factors may have a negative impact on the Kingdom's economy, and as such, will have a material adverse impact on the Company's business, results of operations, financial condition and prospects.

There is no guarantee that the negative developments in relations with these countries, or the economic and political conditions in those countries, or in other countries will not negatively affect the Kingdom's economy, foreign direct investment in the kingdom, or the financial markets in the Kingdom in general. These factors may have a material adverse impact on the Company's business, results of operations, financial condition and prospects.

Any major unexpected changes in the political, economic, or legal environment in the Kingdom and/or any other countries in the Middle East, including, but not limited to, normal market fluctuations, economic stagnation, insolvency, high unemployment rates, technological transformations, and other developments, may negatively and substantially affect the Company's business, results of operations, financial condition and prospects.

2.2.3 Risks of Laws and Regulations

The Company, in its management and conduct of its various works and activities, is subject to the supervision of SAMA, as it is the body entrusted with the tasks of supervision and control over the insurance sector in the Kingdom. The Cooperative Insurance Companies Control Law was issued by Royal Decree No. (M/32) dated 02/06/1424H (corresponding to 31/07/2003G), and the Implementing Regulation for Cooperative Insurance Companies Control Law was issued by a decision of the Minister of Finance No. (596/1) dated 01/03/1425H (corresponding to 20/04/2004G). Since the insurance market in the Kingdom is considered one of the modern, emerging and continuously developing and changing markets, this may limit the Company's ability to respond to market opportunities, and may force it to incur large annual expenses to comply with the statutory laws and regulations. Therefore, the Company cannot provide any assurance that the regulations or the regulatory framework for the insurance sector in the Kingdom will not witness further changes that may negatively and substantially affect the Company's business, financial condition or results of operations. Likewise, if the Company fails to comply with the applicable laws, regulations and instructions, it will be subject to statutory penalties, including fines, suspension of work and withdrawal of the license to practice insurance activity, which will have a material adverse impact on the Company's business, financial condition and prospects.

The Company is also subject to the provisions of the Companies Law issued on 28/01/1437H (corresponding to 11/11/2015G), amended by Royal Decree No. (M/79) dated 25/07/1439H (corresponding to 11/04/2018G). In addition, the CMA's Board issued under resolution No. (8-127-2016) dated 16/01/1438H (corresponding to 17/10/2016G) the regulatory controls and procedures issued in implementation of the Companies Law for listed joint stock companies, as amended by the CMA's Board Resolution No. (3-57-2019) dated 15/09/1440H (corresponding to 20/05/2019G). In addition, the CMA's Board issued under resolution No. (8-16-2017) dated 16/05/1438H (corresponding to 13/03/2017G) the Corporate Governance Regulations which were then amended by the CMA's Board Resolution No. (3-57-2019) dated 15/09/1440H (corresponding to 20/05/2019G). The Companies Law and the Corporate Governance Regulations impose some new requirements related to the regulation and corporate governance that the Company must adhere to. In addition, the Companies Law imposed stricter penalties for violating its provisions and rules, which are mandatory for all companies. Therefore, the Company, members of its board of directors or its executive management may be subjected to such penalties including fines, imprisonment, or both (for example, the Companies Law stipulates that any manager, official, member of the board of directors, auditor, or liquidator, records false or misleading data, will be subject to punishment by imprisonment for a period not exceeding 5 years and a fine not exceeding five million Saudi Riyals) in case of failure to comply with such provisions and rules. It should be noted that the Company, as of the date of this Prospectus, is compliant with all articles of the Companies Law and to all the mandatory articles in the Corporate Governance Regulations issued by CMA. However, in case the Company fails to comply with all articles of Companies Law and all the mandatory articles in the Corporate Governance Regulations in the future, or in case some or all of the guiding articles in the corporate governance regulation become mandatory, and the Company fails to implement or comply with the same, it will be exposed to statutory penalties and fines, which will have a material adverse impact on the Company's business, results of operations, financial condition and prospects.

2.2.4 Risks of Non-compliance with Existing Laws and regulations and/or Issuance of New Laws and Regulations

The Company is subject to the supervision of a number of government agencies in the Kingdom, including, but not limited to, SAMA, Council of Cooperative Health Insurance, Capital Market Authority (CMA), the Ministry of Commerce, and others. Therefore, the Company is subject to the risks of changes in the laws, regulations, circulars and policies in the Kingdom. The legislative and regulatory environment in the Kingdom is witnessing the

issuance of many laws and regulations, which are continuously being developed and improved. Costs of compliance with these regulations are high. In case changes are made to current laws or regulations or in case new laws or regulations are issued, that may lead to incurring unexpected additional financial expenses by the Company for purposes related to compliance with those regulations and meeting the requirements of these laws. Otherwise, it may be subject to penalties and fines imposed by the competent supervisory authorities if it fails to comply with such regulations and laws, which will have a material adverse impact on the Company's business, results of operations, financial condition and prospects.

2.2.5 Risks of Withdrawing the License to Conduct Insurance Activities

The Company obtained license No. (TMN/21/20095) dated 15/05/1430H (corresponding to 11/05/2009G) from SAMA to practice insurance activity in branches of general insurance and health insurance, and the license was renewed for a period of three years on 10/02/1442H (corresponding to 27/09/2020G) to start from 13/05/1442H (corresponding to 28/12/2022G) until 12/05/1445H (corresponding to 26/11/2023G).

Article 76 of the Implementing Regulations of the Cooperative Insurance Companies Control Law states that SAMA has the right to withdraw the license of the Company in the following cases:

- A. If the Company does not practice its licensed activities for a period of six months from the issuance date of the license;
- B. If the Company does not fulfill the requirements of the Cooperative Insurance Companies Control Law or its Implementing Regulations;
- C. If it is established that the Company deliberately provided SAMA with false information in its licensing application;
- D. If the Company becomes bankrupt;
- E. If the Company deliberately conducts business in a fraudulent manner;
- F. If the paid capital of the Company falls below the prescribed minimum limit, or the Company does not fulfill the solvency requirements under the Implementing Regulations;
- G. If the insurance activity falls to a limit that SAMA deems unviable to operate under;
- H. If the Company, without just cause, refuses or delays payments of dues;
- I. If the Company refuses to have its records examined by the SAMA appointed inspection team; and/or
- J. If the Company abstains from implementing a final judgment against it in connection with any insurance dispute.

In case any of the above-mentioned cases applies, the Company will be liable to withdrawal of its license and accordingly will not be able to continue carrying out its activities in a regular manner in the Kingdom of Saudi Arabia. This will have a negative impact on its business and thus adversely affect its business, results of operations, financial condition, prospects, and its share price in the market. Accordingly, the shareholders may lose part or all of their investment in the Company.

2.2.6 Risks of Adjustments to Accounting for Zakat and Income Tax by SAMA

The Company's audited financial statements for the fiscal year ending December 31, 2018G, and notes thereof, have been prepared in accordance with International Financial Reporting Standards (IFRS) approved in the Kingdom of Saudi Arabia and other standards and publications approved by Saudi Organization for Certified Public Accountants (SOCPA), as amended by SAMA for accounting for Zakat and income tax, which require all International Financial Reporting Standards (IFRS) with the exception of International Accounting Standard No. (12) "income tax", and the interpretation by the Interpretation Committee No. (21) "taxes" for their association with Zakat and income tax according to the SAMA Circular No. (381000074519) on 14/07/1438H (corresponding to 11/04/2017G) and the subsequent amendments thereto regarding accounting for Zakat and income tax, being due on a quarterly basis through shareholders' equity in retained earnings.

The Company's financial statements for the fiscal year ending December 31, 2019G, and 2020G, and related notes, were also prepared in accordance with the International Financial Reporting Standards (IFRS) approved in the Kingdom of Saudi Arabia, and other standards and publications approved by Saudi Organization for Certified Public Accountants (SOCPA), and amended by SAMA to account for Zakat and income tax based on the instructions issued by SAMA dated on 20/11/1440H (corresponding to 23/07/2019G) which provide for updating the treatment accounting policies for accounting for Zakat and income tax in the income statement, instead of calculating them on a quarterly basis through shareholders' equity in previously retained

earnings. The Company has retrospectively adjusted the effect in line with International Financial Reporting Standards (IFRS) (for more information, Refer to Section (6) "Financial Information, Discussion and Management Analysis" of this Prospectus).

The Company is obligated in this case to apply the amendments or changes to these standards from time to time. Consequently, any changes in these standards or the mandatory application of some new standards may thus have a material adverse impact on the Company's financial results and financial condition.

2.2.7 Risks of Reporting Requirements

The Insurance Companies Control Law and its Implementing Regulations require that the Company provides SAMA with financial statements and annual reports prepared based on certain statutory accounting principles, and other information including information about the Company's general business operations, capital structure, ownership and financial condition, including an annual statement of total contingent commissions paid. The Company could be subject to regulatory actions, sanctions and fines if SAMA believes that the Company has failed to comply with any applicable laws, regulations and instructions. Any such failure to comply with these laws, regulations and instructions could result in imposing significant restrictions on the Company's ability to conduct its business or significant penalties that could adversely affect the Company's results of operations and financial condition.

The Company could also be subject to penalties and fines if it fails to meet CMA's requirements, rules for offering securities, ongoing obligations and disclosures applied in Saudi Stock Exchange (Tadawul), which may adversely and substantially affect the Company's business, financial performance and future prospect.

2.2.8 Risks of the Competitive Environment

According to SAMA's annual report for the year 2020, thirty-one (31) companies are licensed for insurance and reinsurance activities, where the largest eight companies acquire a percentage of about (74.6%) of the total written premiums as of December 31, 2019G (according to Saudi Insurance Market Report for the year 2019 issued by SAMA). Accordingly, the Company operates in a strong competitive environment, and its competitive position depends on many factors that include the strength of its financial condition, pricing of its insurance products, customer relationship and Company's reputation.

It cannot be assured that the Company will be able to achieve or maintain any specific level of premiums in this competitive environment. The intensity of competition may lead to substantial negative impacts on the Company's performance, prospects and financial condition, through:

- Reducing margins and profitability
- Hindering the growth of the Company's customer base
- Reducing market share
- Increasing turnover of senior management and sales personnel
- Elevating operating expenses, such as sales and marketing expenses
- Increasing policy acquisition costs

There would be no guarantee that the Company will consistently be able to compete with other companies, and that could lead to reducing the Company's share in the market and thus adversely affects the Company's profits and financial results.

2.2.9 Risks of Insurance Market Growth

The growth of the insurance market in the Kingdom is affected by several factors or events. Whereas, the growth of the sector is generally considered hypothetical, based on uncertain future expectations that are beyond the control of the Company. In the event that the insurance sector or the various insurance categories do not witness the expected growth according to the Company's expectations, this will have a material adverse impact on the Company's financial performance and prospects.

2.2.10 Risks of Limitations of Historical Data

Although the concept of insurance is not new to the Saudi market, the insurance sector was not regulated in a way that keeps pace with the development of this sector until recently. Therefore, the information and data required to build the insurance tables were not accurately collected and provided. Accordingly, insurance companies rely, in estimating losses and evaluating premiums, on estimates that may not reach the required level of accuracy, and thus the risk ratio of the Company's insurance portfolios may increase, which may lead to incurring losses by the Company, which may have a material adverse impact on the Company's financial performance and prospects.

2.2.11 Risks of the Lack of Cultural Awareness of Insurance and Its importance

The society's view of the insurance sector is a fundamental factor for the sector's success. However, there is a risk around that view in general, and the lack of demand for insurance services may result from such view, which could have a material adverse impact on the Company's business, financial condition and prospects.

2.2.12 Risks of Value-added Tax (VAT)

The Kingdom issued a VAT system, which came into effect on January 1, 2018. This system imposes an added value of (5%) on a number of products and services, according to what is contained in the system. The Saudi government decided to increase the VAT rate from (5%) to (15%), which began to be applied from July 2020G. Therefore, the relevant companies should know the nature of the VAT, how it is applied and how it is calculated. In addition, they need to submit their VAT returns to the relevant government agencies. Accordingly, the Company must adapt to the changes resulting from the application of VAT, which include collecting and delivering this same, and the effect of applying VAT law on the Company's business. The application of VAT in the Kingdom has led to an increase in the prices of most goods and services, including Company's products. The implications of raising the tax on Company's sales have not yet emerged, as the increase began to be applied from July of this year. At the present time, there are no current claims or objections related to VAT. However, any violation or wrong application of tax law by Company's management will expose it to fines, penalties or damage to its reputation. This will also increase costs and operating expenses, which could reduce the Company's competitive position and the level of demand for its products, which will have a material adverse impact on the Company's financial condition, results of operations and prospects.

2.2.13 Risks of Government Fees Applicable to non-Saudi Employees

The Saudi government approved a number of resolutions aimed at implementing comprehensive reforms in the Saudi labor market by imposing additional charges on every non-Saudi employee who works for Saudi institutions as of 01/01/2018G, at the rate of four hundred (400) Saudi Riyals per month for each non-Saudi employee in 2018G, which increased to six hundred (600) Saudi Riyals per month in 2019G then Eight hundred (800) Saudi Riyals per month in 2020G. This will lead to an increase in the government fees that the Company will pay for its non-Saudi employees, and thus an increase in the Company's costs in general, which will have a material adverse impact on the Company's business, financial performance and results of operations. The total value of non-Saudi employee fees amounted to (570,181) Saudi Riyals in 2018G, (782,577) Saudi Riyals in 2019G, and (732,084) Saudi Riyals in 2020G.

In addition, the government has also approved fees for the issuance and renewal of residency for dependents and companions of non-Saudi employees (dependent fees), which have become effective as of 07/01/2017G, noting that they have gradually increased from one hundred (100) Saudi Riyals per month for each dependent in 2017, to reach up to four hundred (400) Saudi Riyals per month for each dependent in the year 2020G. Therefore, the increase in the fees for issuing and renewing the residency that the non-Saudi employee will bear on behalf of his family may lead to an increase in the cost of living for them, which will push them to look for job opportunities in other countries where the cost of living is lower. In such case, the Company will face difficulty in retaining its non-Saudi employees, which may force the Company to directly bear such costs or part thereof, on behalf of non-Saudi employees, or indirectly by raising wages of non-Saudi employees, which will lead to an increase in the Company's costs, and thus will have a material adverse impact on the Company's business, financial performance and results of operations.

2.2.14 Risks of the Decline of Client Confidence

The client's confidence in the insurance sector around the world is of great importance in enhancing the strength of this sector. On the other hand, any decline in that confidence or the insurance industry in general, or the confidence in the Company in particular, may lead to an increase in the number of insurance policy cancellations and refunding of money, which will adversely affect the Company, its financial performance and prospects.

2.2.15 Risks of non-Compliance with the Regulations of the Council of Cooperative Health Insurance (CCHI)

The Company's products are subject to the supervision of the Council of Cooperative Health Insurance (CCHI) after being approved and accepted by SAMA. CCHI imposes many regulations and procedures on insurance companies, including the obligation to provide medical approvals within a maximum period of (60) minutes from receiving the application, and the obligation to pay the dues of hospitals, clinics and other medical service providers within a period of time not exceeding (45) days. Failure to comply with CCHI's regulations may lead to imposing penalties or fines on the Company or withdrawing the license of the health insurance products, which may have a material adverse impact on the Company's business and financial performance.

2.2.16 Risks of Fluctuations in Exchange Rates

Exchange risks are the result of financial investments fluctuations due to the change in foreign exchange. Companies often encounter exchange risks when dealing with international parties in their currency. Company's operations are mostly in Saudi Riyal and its revenues are generated from local market in local currency. In the event that the Company collects any amounts from its products or foreign dealings in foreign currency, it may encounter fluctuations in exchange rates of other currencies against the Saudi Riyal, and increase in expenses, which will have a material adverse impact on the Company's business, results of operations, financial condition and prospects.

2.2.17 Risks of Not-Controlling of Prices

The Company is compliant with SAMA instructions and recommendations of the actuarial advisor with regard to setting prices for insurance policies. The Company provides SAMA with prices as a regulatory requirement on annual basis (and based on the pricing adequacy report issued by the actuarial advisor).

Actuarial advisors issue pricing adequacy reports by studying the Company's insurance portfolio, and based on actuarial data, which take into account the performance of these insurance policies (by considering the performance of the insurance portfolio in general). The recommendations of the actuary advisor at that time may require changing the insurance policy rates for the Company's portfolio due to the possibility of changing the performance of insurance portfolio at that time. The increase in the prices of some or all insurance policies will lead to the Company's inability to attract new clients and losing its current clients. This will affect Company's merging market share and thus adversely affects its business, financial statements, results of operations, profitability of the shares, and prospects.

2.2.18 Risks of the Scarcity of Qualified Local Cadres

The qualified local cadres in the Kingdom are few and may not be sufficient to fulfil the Company's needs of experienced employees. In the event that the Company is unable to attract qualified cadres from the local market, it may be forced to recruit employees from outside the Kingdom. The Company cannot guarantee that it would obtain qualified personnel in a timely and efficient manner, as well as obtaining the sufficient number of necessary work visas from the Ministry of Human Resources and Social Development, especially in light of the requirements of Saudization, which create high competition among insurance companies to train and qualify their cadres and ensure their continued retention and attract competencies from the local market. This may result in an increase in wages that may constitute an additional burden on the Company. Likewise, the Company's inability to attract and retain qualified employees will impede the implementation of its business strategy, which will adversely affect the results of its operations and its financial condition.

2.2.19 Risks of Insurance Business Cycle

The global insurance industry has witnessed cyclical changes with tangible fluctuations in the results of operations, due to competition, catastrophic events, economic and social conditions that all countries go through from time to time in general, and other factors beyond the control of companies operating in the insurance sector. Consequently, this may result in periods of competition in prices resulting from excess supply, as well as periods in which companies are able to obtain better premiums. It is expected that the business cycle of insurance companies will be affected from time to time, which would adversely affect the Company's business, results of operations, financial condition and its prospects.

2.3 Risks of the Offered securities

2.3.1 Risks of Potential Fluctuation in the Price of the Rights

The market price of the rights may be subject to heavy fluctuations due to a change in factors affecting the Company's Share. This fluctuation may be large due to the difference between the permissible daily fluctuation rate (representing (10%) more or less than closing price of the previous day) with respect to rights, compared to the permissible daily fluctuation rate for the Company's shares. The rights trading price depends on the trading price of the Company's shares and the market's view of the shares' fair price. These factors could adversely affect the rights trading price.

2.3.2 Risks of Potential Fluctuations in the Share Price

The market price of the Rights, during the trading period, may not be an indication of the market price of the Company's shares after the Offering. Likewise, the Company's share price may not be stable and may be greatly affected due to fluctuations resulting from market conditions related to the current rights or shares of the Company. These fluctuations may also result from several factors, including but not limited to, stock market conditions, poor performance of the Company, inability to implement the Company's future plans, entry of new competitors into the market, change in experts and analysts' view or estimates regarding the stock market, and any announcement of the Company or any of its competitors related to strategic mergers and acquisitions or alliances.

The sale of large quantities of shares by shareholders or the belief that such a sale is likely to occur will adversely affect the price of the Company's shares in the market. In addition, shareholders may not be able to sell their shares in the market without adversely affecting the share price. There is no guarantee that the market price of the Company's shares would not be lower than the Offering Price. In such case, and after investors' subscription to the new shares, their subscription cannot be canceled or modified. Accordingly, investors may incur losses. In addition to the foregoing, there is no guarantee that a shareholder will be able to sell his shares at a price equal to or higher than the Offering Price after subscribing to the new shares.

2.3.3 Risks of non-Profitability or Selling the Rights

There is no guarantee of share profitability through trading the same at a higher price. It should be noted that there is no assurance of having sufficient demand in the market to exercise priority rights or receive compensation from the Company. Also, the investor who did not subscribe or sell their rights, and the holders of fractional shares, may not obtain any consideration if the sale was made during the Offering Period at the Offering Price.

2.3.4 Risks of Future Data

The Company's future results and performance data cannot be actually anticipated and may differ from those provide herein. The Company's achievements and ability to develop will determine the actual results, which cannot be expected or identified. The inaccuracy of data and results is one of the risks that the shareholder should know in order not to affect their investment decision. In the event that future results and performance data differ significantly from those provided herein, this would lead to losing part or all of the shareholders' investment in the Company's shares.

2.3.5 Risks of the Possibility of Issuing New Shares

The issuance of any new shares by the Company depends on the approval of the Extraordinary General Assembly of shareholders. If the Company decides to issue new shares as rights to increase its capital, and the Extraordinary General Assembly of shareholders approves this decision, and the

shareholders have not exercised their rights by subscribing to the new shares, the ownership of shares will decrease proportionally. In addition to relevant consequences of voting rights and receiving profits, which will affect the market price of the share.

2.3.6 Risks of lack of demand for the Company's Rights and shares

There is no guarantee that there will be sufficient demand for the Company's Rights during the Trading Period, in order to enable the holder of such Rights (whether a Registered Shareholder or a new investor) to sell the Rights and realize a profit, or enable them to sell these Rights at all. There is also no guarantee that there will be sufficient demand for Company's Shares by the Institutional Investors during the Rump Offering. In case the Institutional Investors do not subscribe to the rump shares at a high price, the compensation amount may not be sufficient in order to be distributed to the holders with unexercised Rights or holders of fractional shares. Moreover, there can be no guarantee that there will be sufficient market demand for the new shares purchased by an investor either through exercise of the Rights, during the Rump Offering or in the open market.

2.3.7 Risks of Dilution of Ownership

If the rights holders do not subscribe fully to the new shares, their ownership and voting rights will be reduced. There is also no guarantee that in case the rights holder is restricted to sell their rights during the trading period, the proceeds they receive will be sufficient to compensate them in full for the decrease in their ownership in the capital of the Company as a result of increasing its capital. There is also no guarantee that there will be a compensation amount distributed to the eligible shareholders who have not exercised their right to subscribe or to the holders of fractional shares in the event that the investment institutions during the Rump period do not submit a higher price offers for the rump shares, or that the compensation amount (if any) is sufficient to compensate the decrease in the percentage of ownership in the Company's capital.

2.3.8 Risks of Not Exercising the Priority Rights in a Timely Manner

The subscription period starts on 30/05/1443H (corresponding to 03/01/2022G) and ends on 10/06/1443H (corresponding to 13/01/2022G). The Right holders and the financial brokers/agents representing them must take appropriate measure to follow all necessary instructions before the subscription period expires. If the eligible shareholders fail to properly exercise the subscription rights by the end of the subscription period, based on their priority rights, there is no guarantee that there will be a compensation amount distributed to the eligible shareholders who have not subscribed or who have not properly performed subscription procedures, or holders of the fractional shares.

2.3.9 Risks of Dividends

Future dividends will depend on, amongst other things, the future profit, financial condition, capital requirements, distributable reserves and available credit of the Company and general economic conditions. The increase in Company's capital may lead to dilution in the dividends in futures on the basis that the Company's profits will be distributed to a larger number of shares as a result of increasing its capital. The Company provides no guarantee that any dividends will actually be paid nor any guarantee as to the amount, which will be paid in any given year. The distribution of dividends is subject to certain limitations and conditions the as stipulated in the Company's articles of association.

2.3.10 Risks of Speculation in Priority Rights

Speculation in the priority rights is subject to risks that could cause material losses. The permissible daily fluctuation range for the priority rights trading price exceeds the permissible daily fluctuation range for the market price (which is represented by (10%) up and down from the previous day's closing price). There is also a direct relationship between the Company's share price and the right's indicative value. Accordingly, the daily price limits (i.e. the daily fluctuation range) for rights trading will be affected by the daily price limits for stock trading. In case shareholders fail to sell the rights before the end of the trading period, then they will have two options, either to exercise these rights to subscribe to the new shares before the end of the subscription period, or not to exercise. In the event that the rights are not exercised, the investor may be subject to a loss or decrease in the value of their investment portfolio, or a profit in the event that shares are sold during the rump period at a price higher than the Offering Price. Consequently, investors must review the full details of the mechanism for listing and trading the rights and new shares and their method of operation, and be aware of all the factors

affecting them, in order to ensure that any investment decision is based on full awareness and knowledge. (Please refer to Section (13) "Information Related to Shares and Offering Terms and Conditions" in this Prospectus).

2.3.11 Risks of suspending trading or cancellation of Company's shares failure to publish its financial statements within the statutory period

Listed companies are obliged to publish their financial information within a specified statutory period. Accordingly, in case the issuer is unable to publish its financial information within the statutory period (30 days from the end of financial period for initial financial statements, and three months from the end of financial period for annual financial statements). The procedures for suspending listed securities will be applied in accordance with listing rules approved by CMA's Board's Resolution No. (1-10-2019) on 24/05/1440H (corresponding to 30/01/2019G), which stipulates that CMA will suspend trading of securities for one trading session following the expiry of statutory period. In case the financial information is not published within twenty trading sessions following the first suspended trading session, the Saudi Tadawul Company will announce the re-suspension of Company's securities until it announces its financial results. In case the suspension of trading the Company's shares continues for a period of six months without the Company taking the appropriate measures to correct that suspension, the Authority may cancel the listing of the Company's securities. CMA will lift the suspension one trading session following the announcement of the Company's financial results. However, in case the Company delays in announcing its financial results, or if it is unable to publish them within the statutory period referred to above, this will lead to suspending the Company's shares or cancellation of its shares listing, which will have a material adverse impact on the interest of Company's shareholders, Company's reputation and the results of operations. In addition, CMA may cancel the offering of the Company's rights shares in case it deems that the offering may not be in the interest of the shareholders.

3 Overview of the Company and Nature of its Business

3.1 Overview of the Company

Allied Cooperative Insurance Group (“ACIG”), (hereinafter referred to as the “Company” or “Issuer”), is a Saudi Joint Stock Company incorporated in accordance with the Ministerial Resolution No. 233, dated 16/9/1427H (corresponding to 09/10/2006G) and Royal Decree No. M/60 promulgated on 18/09/1427 H (corresponding to 11/10/2006 G), license of Ministry of Investment no. (11202910778-01) dated 28/05/1426 H (corresponding to 05/07/2005 G), and Commercial Registration No. (4030171999), issued in Jeddah, where the Company's head office was transferred from Jeddah to Riyadh after approval of Extraordinary General Assembly Meeting (EGM) on 14/07/1435 H (corresponding to 13/05/2014 G) to transfer the head office to Riyadh under Commercial Registration No. (1010417178) dated 09/08/1428 H (corresponding to 22/08/2007 G).

The Company's head office is located in Riyadh, at Hittin District - Prince Turki Ibn Abdulaziz Al Awwal Rd, PO Box 40523 Riyadh 11511, Kingdom of Saudi Arabia.

The Company obtained license No. (TMN/21/20095) dated 15/05/1430 H (corresponding to 11/05/2009 G) from SAMA to practice insurance activity in branches of general insurance and health insurance in accordance with Cooperative Insurance Companies Control Law and the Executive regulation thereof. On 10/02/1442H (corresponding to 09/27/2020G), such License has been renewed for a period of three years, commencing from 13/05/1442H (corresponding to 28/12/2020G) and expiring on 12/05/1445H (corresponding to 26/11/2023G).

The Company's current capital is one hundred and forty-one million (141,000,000) riyals Saudi Arabia, divided into fourteen million one hundred thousand (14,100,000) ordinary shares with a nominal value of (10) Saudi Riyals per share, paid in full.

As on the date of this Prospectus, the Substantial Shareholders of the Company (holding 5% or more of the Company's shares) are Tharwa Al Khaleej Holding Company, which owns two million one hundred fifteen thousand (2,115,000) shares, i.e. (15.0%) of the Company's shares prior to Offering.

3.2 History and Most Important Developments of the Company and the Company's Capital Structure

- Allied Cooperative Insurance Group (“ACIG”), (hereinafter referred to as the “Company” or “Issuer”), is a Saudi Joint Stock Company incorporated in accordance with the Ministerial Resolution No. 233, dated 16/9/1427H (corresponding to 09/10/2006G) and Royal Decree No. M/60 promulgated on 18/09/1427 H (corresponding to 11/10/2006 G), license of Ministry of Investment no. (11202910778-01) dated 28/05/1426 H (corresponding to 05/07/2005 G), and Commercial Registration No. (4030171999), issued in Jeddah, where the Company's head office was transferred from Jeddah to Riyadh after approval of Extraordinary General Assembly Meeting (EGM) on 14/07/1435 H (corresponding to 13/05/2014 G) to transfer the head office to Riyadh under Commercial Registration No. (1010417178) dated 09/08/1428 H (corresponding to 22/08/2007 G).
- The Company listed all of its ten million (10,000,000) Ordinary Shares, with a nominal value of (10) Saudi Riyals per share, on Tadawul dated 14/08/1428 H (corresponding to 27/08/2007 G) through public offering, where founding shareholders subscribed for (60%) of Company's shares, i.e. six million (6,000,000) ordinary shares, with a total value of sixty million (60,000,000) Saudi Riyals of equal value, i.e. ten (10) Saudi Riyals per each. The public subscribed for (40%) of Company's shares, i.e. four million (6,000,000) ordinary shares, with a total value of forty million (40,000,000) Saudi Riyals of equal value, i.e. ten (10) Saudi Riyals per each.
- On 17/10/1433 H (corresponding to 04/09/2012 G), the EGM approved the board's recommendation to increase the Company's capital from one hundred million (100,000,000) Saudi Riyals to two hundred million (200,000,000) Saudi Riyals through issuing right shares of ten million (10,000,000) shares with a nominal value of (10) Saudi Riyals per each.
- On 07/01/1442 H (corresponding to 26/08/2020 G), the EGM approved to reduce the Company's capital from two hundred million (200,000,000) Saudi Riyals to one hundred and forty-one million (141,000,000) Saudi Riyals, i.e. Company's capital was decreased by

(29.50%), and thus the Company's shares were decreased from twenty million (20,000,000) shares to fourteen million and one hundred thousand (14,100,000) shares through cancellation of five million and nine hundred thousand (5,900,000) issued shares.

- On 25/05/1443H (corresponding to 29/12/2021G), the Extraordinary General Assembly of Shareholders approved an increase in the Company's capital by (106.38%) from one hundred forty-one million (SAR 141,000,000) Saudi Riyals to two hundred ninety-one million (291,000,000) Saudi Riyals. Accordingly, the number of shares shall be increased from fourteen million hundred thousand (14,100,000) ordinary shares to twenty-nine million one hundred thousand (29,100,000) ordinary shares of equal value, the value of each is ten (10) Saudi Riyals, by issuing five Ten million (15,000,000) new ordinary shares as rights issue with a nominal value of ten (10) Saudi Riyals per share.

3.3 Company's Key Activities

The Company carries out its activities under Commercial Register No. (1010417178) dated 09/08/1428H (corresponding to 22/08/2007G). The Company's activities, as stated by Commercial Register, are health insurance, general insurance, reinsurance, and insurance agency.

According to SAMA's license No. (TMN/21/20095) dated 15/05/1430H (corresponding to 11/05/2009G) to carry out insurance activity in both general insurance and health insurance, the license was renewed on 10/02/1442H (corresponding to 27/09/2020G) for three years, starting from 13/05/1442H (corresponding to 28/12/2020G) until 12/05/1445H (corresponding to 26/11/2023G).

As set forth by the Articles of Association, the Company's activities are to carry out cooperative insurance business in both general insurance and health insurance. The Company may undertake all work required to achieve its purposes. The Company shall carry on its activities in accordance with the cooperative insurance companies control law, the executive regulation thereof, the provisions issued by SAMA, regulations and laws applicable in the Kingdom of Saudi Arabia and after obtaining the necessary licenses from the competent authorities, if any.

The Company shall conduct its activities through its head office located in Riyadh, and its branches located in Jeddah, Al-Khobar, Khamis Mushait. Additionally, the Company shall carry out the network of points of sale as spread throughout the Kingdom (for more information, please refer to subsection (10.7.2.8) "Company branches and Points of Sale" from section (10) "Legal information" of this Prospectus). The Company obtained license No. (TMN/21/20095) dated 15/05/1430 H (corresponding to 11/05/2009 G) from SAMA to practice the following insurance activities:

c. General Insurance includes:

- ✓ Accident and liability insurance.
- ✓ Vehicle insurance.
- ✓ Marine insurance.
- ✓ Engineering insurance.

d. Health insurance

3.4 Company Products

As of the date of this Prospectus, the Company has approvals on insurance products that it has obtained from SAMA. The product details do not include all the terms and conditions of the relevant insurance policies. This section may include provisions that are not in full compliance with the provisions of the documents. Therefore, the texts of the insurance policies shall be reviewed, and the product details in this section shall not in any case be relied upon.

The Company offers thirty-seven (37) insurance products, for which final approvals were obtained from SAMA (for more information, please refer to sub-section (10.7.1) "Governmental Approvals, Licenses & Certificates" of Section 10 "Legal Information" in this Prospectus). These products are shown as below:

3.4.1 Accidents and Liability Insurance

The following table shows the accident and liability insurance products that are offered and marketed by the Company:

Table: (3) Accidents and Liability Insurance Products

#	Name of Product	Approval No.	Product Description	Type of Approval	Date of Approval
1	General comprehensive third party liability insurance	381000003903	Insurance coverage covers such material damages and losses, destruction, bodily injury and death of others (third party)	Final Approval	09/01/143H (corresponding to 10/10/2016G)
2	Breach of trust insurance	381000003895	Covers the insured against breach of trust and fraud by its employees.	Final Approval	09/01/143H (corresponding to 10/10/2016G)
3	Medical Malpractice Insurance	381000003866	In line with the Saudi Commission for Health Specialties (SCFHS) within such stated limited, coverage protects all categories of practitioners of medical professions including error, omission or negligence during profession practice.	Final Approval	09/01/143H (corresponding to 10/10/2016G)
4	Cash insurance	381000003829	Covers such loss arising from loss of moneys of the insured and person in charge whether inside or outside the insured's building.	Final Approval	09/01/143H (corresponding to 10/10/2016G)
5	Personal Accidents Insurance	381000003864	Insurance coverage covers death, bodily injuries, temporary disability, permanent disability of all insureds under the insurance due to accident occurrence.	Final Approval	09/01/143H (corresponding to 10/10/2016G)
6	General civil liability insurance	381000003861	Covers legal liability caused by the insured with the third party and causes bodily injuries, death or damage to third party properties	Final Approval	09/01/143H (corresponding to 10/10/2016G)
7	Travel insurance	381000003858	Insurance coverage covers such risks related to international travel which may result in losses due to certain accidental incidents such as flight cancellation or missed return appointment for reasons outside the scope of control etc. It also includes emergent medical accidents or personal accidents and liability towards third party.	Final Approval	09/01/143H (corresponding to 10/10/2016G)
8	Group travel insurance	381000003892	Insurance coverage covers such risks related to international travel which may result in losses due to certain accidents	Final Approval	09/01/143H (corresponding to 10/10/2016G)
9	Worker Compensation Insurance	381000003833	Insurance coverage covers such financial damage which an employer might incur being the person in charge of certain compensation to any of its employees according to Labor Law or limits above the foregoing according to the previously expected benefit amount of those who became unable to work due to work-related accident or disease.	Final Approval	09/01/143H (corresponding to 10/10/2016G)
10	Working from home assistant labor insurance	41025978	Covers repatriation expenses, replacement expenses and working from home labor compensation benefit	Final Approval	13/04/1441H (corresponding to 10/12/2019G)

Source: The Company

3.4.2 Motor Insurance

The following table shows Motor insurance products offered and marketed by the Company:

Table: (4) Motor Insurance Products

#	Name of Product	Approval No.	Product Description	Type of Approval	Date of Approval
1	Motor Comprehensive Insurance - Commercial	341000062959	Provides comprehensive coverage against third party liability, loss or damage of private motor against accidents, theft and fire risks, per the terms and conditions set forth in insurance policy.	Final Approval	19/05/1434H (corresponding to 31/03/2013G)
2	Comprehensive Motor Insurance - Private	341000062959	Provides comprehensive coverage against third party liability, loss or damage of private motor against accidents, theft and fire risks, per the terms and conditions set forth in insurance policy.	Final Approval	19/05/1434H (corresponding to 31/03/2013G)
3	Third Party Motor Insurance	341000062959	Coverage includes civil liability towards third parties per the terms and conditions set forth in insurance policy.	Final Approval	19/05/1434H (corresponding to 31/03/2013G)

Source: The Company

3.4.3 Property Insurance

The following table shows property insurance products offered and marketed by the Company:

Table: (5) Property Insurance Products

#	Name of Product	Approval No.	Product Description	Type of Approval	Date of Approval
1	Property Insurance (All risks)	381000003863	Covers all material loss or damage arising from sudden, violent and unexpected risks to the insured properties as not excluded by the insurance policy where it includes such loss or damage arising from burglary (after coercive entry or exit)	Final Approval	09/01/143H (corresponding to 10/10/2016G)
2	Fire Insurance	381000003894	Covers all material loss or damage to such properties insured against fire and lightning.	Final Approval	09/01/143H (corresponding to 10/10/2016G)
3	Accommodation Insurance	381000003891	This policy covers loss or damage resulting from the following risks: Fire, lightning, explosion, earthquake, riot, commotion, workers' strike, civil commotion, malicious damage, storm, or flood, excluding damage caused by subsidence or landslide, damage to walls and gates or explosion, evacuation of water tanks, appliances or tubes.	Final Approval	09/01/143H (corresponding to 10/10/2016G)
4	Consequential loss insurance of fire policy	381000003905	Covers material loss and damage to insured property against fire, lightning, explosion, earthquake, storm, flood and water damage (explosion or overflow of water pipes, main water pipes, tanks, equipment and sprinklers) affecting roads.	Final Approval	09/01/143H (corresponding to 10/10/2016G)
5	Shop insurance	381000003860	This policy covers loss or damage resulting from the following risks: Fire, lightning, explosion, earthquake, riot, commotion, workers' strike, civil commotion, malicious damage, storm, or flood, excluding damage caused by subsidence or collapse, damage to walls or gates, explosion, evacuation of water tanks, equipment or pipes or any collision including any animal, car, aircraft, or any other aerial device, or anything falling from it. In addition to burglary followed by violent forced break-in or outside buildings or any attempted threatening.	Final Approval	09/01/143H (corresponding to 10/10/2016G)
6	Insurance of Property Policy Consequential Loss (All Risks)	381000003904	Covers all material loss or damage arising from sudden, violent and unexpected risks to the insured properties as not excluded by the	Final Approval	09/01/143H (corresponding to 10/10/2016G)

			insurance policy where it includes such loss or damage arising from burglary (after coercive entry or exit) Coverage may be extended to include business interruption.		
7	Insurance of Fire and Potential Risks Policy Consequential Loss (All Risks)	381000003907	Covers material loss and damage to insured property against fire, lightning, explosion, earthquake, storm, flood and water damage (explosion or overflow of water pipes, main water pipes, tanks, equipment and sprinklers) affecting roads. Coverage may be extended to include business interruption.	Final Approval	09/01/143H (corresponding to 10/10/2016G)

Source: The Company

3.4.4 Engineering Insurance

The following table shows the engineering insurance products offered and marketed by the Company:

Table: (6) Engineering Insurance Products

#	Name of Product	Approval No.	Product Description	Type of Approval	Date of Approval
1	Insurance of Contractors Risks	381000003901	Covers any sudden and unexpected material loss or damage to insured property which resulting in insured risks and legal liability of the insured towards third parties with respect to bodily injury, death or property damage.	Final Approval	09/01/1438H (corresponding to 10/10/2016G)
2	Insurance of Consequential Loss Due To Machinery Failure	381000003886	This insurance compensates the insured for the value of loss resulting from business interruption or an accident to insured machines.	Final Approval	09/01/1438H (corresponding to 10/10/2016G)
3	Insurance of Contractors Machinery and Equipment	381000003900	It provides insurance coverage of any sudden and unexpected material damage or loss to equipment and insured construction plants against risks. Coverage may be extended to include third party legal liability resulting in bodily injury, death or property damage.	Final Approval	09/01/1438H (corresponding to 10/10/2016G)
4	Machinery Failure Insurance	381000003887	Covers any sudden and unexpected material damage or loss to insured machinery resulting from failure of machinery.	Final Approval	09/01/1438H (corresponding to 10/10/2016G)
5	Electronic Equipment Insurance	381000003897	Covers any sudden and unexpected material damage or loss to insured equipment and ancillary items arising from insured risks.	Final Approval	09/01/1438H (corresponding to 10/10/2016G)
6	Damage of Stocks Insurance	381000003898	Covers loss or damage related to goods arising from sudden or unexpected crash and resulted in material loss or damage to machinery.	Final Approval	09/01/1438H (corresponding to 10/10/2016G)
7	Insurance of Boilers and Generators	381000003908	Covers any sudden and unexpected material loss (other than fire) against risks of generators (boilers and compressors) in schedule under this policy and to any property of the insured.	Final Approval	09/01/1438H (corresponding to 10/10/2016G)
8	Insurance of Installation Risks	381000003896	Covers any sudden and unexpected material damage or loss to insured property resulting in insured risks especially electrical and mechanical projects and the legal liability of the insured towards third parties with respect to bodily injury, death or property damage.	Final Approval	09/01/1438H (corresponding to 10/10/2016G)

Source: The Company

3.4.5 Marine Insurance

The following table shows the marine insurance products offered and marketed by the Company:

Table: (7) Marine Insurance Products

#	Name of Product	Approval No.	Product Description	Type of Approval	Date of Approval
1	Carrier Liability Insurance (One Year)	381000035402	Insures legal liability of the carrier in case of loss or damage to client goods.	Final Approval	29/03/1438H (corresponding to 28/12/2016G)
2	Land Transportation Insurance (One Year)	381000003890	It insures client goods in case of loss or damage to client goods during transportation.	Final Approval	09/01/1438H (corresponding to 10/10/2016G)
3	Land Transportation Insurance (One Shipment)	381000003888	It insures against loss or damage to client goods during land transportation.	Final Approval	09/01/1438H (corresponding to 10/10/2016G)
4	Land Transportation Insurance (Open Policy)	381000003889	It insures against loss or damage to client goods during land transportation.	Final Approval	09/01/1438H (corresponding to 10/10/2016G)
5	Marine Insurance (One Shipment)	381000003872	It insures against loss or damage to insured's goods during their marine or air transportation.	Final Approval	09/01/1438H (corresponding to 10/10/2016G)
6	Marine Insurance (Open Policy)	381000003871	It insures against loss or damage to insured's goods during their marine or air transportation.	Final Approval	09/01/1438H (corresponding to 10/10/2016G)
7	Insurance of Land Transport of Goods Liability	381000003893	It insures against loss or damage to client goods during land transportation.	Final Approval	09/01/1438H (corresponding to 10/10/2016G)

Source: The Company

3.4.6 Medical Insurance

The following table shows the medical insurance products offered and marketed by the Company:

Table: (8) Medical Insurance Products

#	Name of Product	Approval No.	Product Description	Type of Approval	Date of Approval
1	Group Medical Insurance	341000103275	Obligatory medical insurance of private sector employees (Saudi Nationals, expatriates and their dependents)	Final Approval	22/08/1434H (corresponding to 01/07/2013G).
2	Visitor Insurance	381000022552	Obligatory medical insurance of visitors of Kingdom of Saudi Arabia.	Final Approval	28/02/1438H (corresponding to 28/11/2016G)

Source: The Company

3.5 Vision of the Company

To be the preferred Cooperative Insurance Company in the region that provides security to customers and deliver value to employees and shareholders applying the highest international standards

3.6 Mission of the Company

To provide insurance solutions that are compliant with Shari'a and manage potential risks in a manner that achieves Company's goals.

3.7 Company Strategy

The Company's strategy is represented in sales and focused promotional campaign in order to increase the total premiums, taking the following into account:

- Avoid unhealthy competition which is based on lowering the prices without comprehensively analysing each type of risk and determine the right price.
- Adopt a conservative insurance policy to ensure a sufficient return for shareholders. To be able to implement this strategy successfully, the Company will:
 - a. Subdivide the market while focusing significantly on small and medium-sized enterprises and personal insurance.
 - b. Provide various types of products and services.
 - c. Distinguish itself from competitors by quick communication with customers and expedited delivery of services.
 - d. Adopt a precise pricing strategy.
 - e. Increase customer satisfaction to ensure retaining them.
 - f. Raise the automation level in order to increase efficiency of operations in addition to cutting costs.
 - g. The Company uses its huge customer database to market other products.

3.8 Strengths and Competitive Advantages of the Company

The Company is distinguished from its competitors by the following:

- The ability to attract, qualify and maintain qualified human resources.
- Excellence in automation.
- Long and distinguished experience of the management of the Company.
- Excellence in providing innovative products and services.

3.9 Substantial Shareholders

the below table shows the direct ownership of Substantial Shareholders, as of the date of this Prospectus:

Table no. (9) direct ownership of Substantial Shareholders

Shareholder	Percentage	No. of shares
Tharwa Al Khaleej Holding Company	%15	2,115,000

Source: The Company

3.9.1 Overview of Substantial Shareholders

✓ Tharwa Al Khaleej Holding Company

Tharwa Al Khaleej Holding Company is a Saudi limited liability Company holding the Commercial Registration No. (1010592314) dated 24/12/1440H (corresponding to 25/08/2019G). Ownership percentage of Tharwa Al Khaleej is 15% as at the date of this Prospectus. In 03/08/2021, Islamic Development Bank (former Substantial Shareholder) entered into a special deal to sell its total share in the Company representing 15% of offered shares at (2,115,000 shares) in favor of Tharwa Al Khaleej Holding Company in a total amount of SAR 45,990,000. Ownership details of Tharwa Al Khaleej Holding Company in the Company are as follows:

Table no. (10) ownership of Tharwa Al Khaleej Holding Company

Sr	Name	Percentage	No. of shares
1	Tharwa Al Khaleej Holding Company	15%	2,115,000
Total		15%	2,115,000

Source: The Company

3.10 Company Branches

The Company provides and markets its various insurance products through its head office in the city of Riyadh, and its branches in the city of Jeddah, the city of Al-Khobar and the city of Khamis Masheet in addition to various points of sale throughout KSA (for more information, please refer to sub-section (10.7.2.8) "Company branches and Points of Sale", of Section no. (10) "Legal Information" of this Prospectus). As at the date of this Prospectus, the Company adheres to Cooperative Insurance Companies Supervision Law. Details of Branches and Points of Sale are as follows:

Table: (11) Details of Branches and POS

#	Register Name	City	Commercial Register No.	Activity	Issue Date	Expiry Date
1	Allied Cooperative Insurance Group (ACIG) Branch	Jeddah	4030171999	Perform, in accordance with the provisions of the Cooperative Insurance Companies Supervision Law and its Executive Regulations and the laws and rules in force in the Kingdom of Saudi Arabia, cooperative insurance business and everything related to such business, such as reinsurance, agencies, representation, correspondence, or brokerage. The Company has the right to do all such works required for the achievement of its purposes, whether in the field of insurance or investment of its funds.	27/11/1435H (corresponding to 22/09/2014G)	27/11/1442H (corresponding to 07/07/2021G)
2	Allied Cooperative Insurance Group (ACIG)	Al Khobar	2051043671	Medical insurance, motor accident insurance, fire and theft insurance, insurance sector activities, insurance and reinsurance, insurance sector activities, insurance agents, and insurance brokers.	12/09/1431H (corresponding to 22/08/2010G)	12/09/1444H (corresponding to 03/04/2023G)
3	Allied Cooperative Insurance Group (ACIG)	Khamis Masheet	5855035150	Medical insurance, motor accident insurance, fire and theft insurance, insurance sector activities, insurance and reinsurance, insurance sector activities, insurance agents, and insurance brokers.	12/09/1431H (corresponding to 22/08/2010G)	12/09/1444H (corresponding to 03/04/2023G)

Source: The Company

3.11 Distribution of Company Revenues per Insurance Branches

The Company practices its activities under SAMA's license no. (t m n/20095/21), dated 15/05/1430H (corresponding to 11/05/2009G). It practices the insurance activity in the two sectors of general insurance and medical insurance. The Company license was renewed on 10/02/1442H (corresponding to 27/09/2020G) for three-year term starting 13/05/1442H (corresponding to 28/12/2020G) and will expire on 12/05/1445H (corresponding to 26/11/2023G). Details of the total subscribed premiums of the Company for the financial years 2018G, 2019G and 2020G per insurance branches are as follows:

Table: (12) Distribution of Company Revenues per Insurance Branches

Branch	2018G (SAR .000)	2019G (SAR .000)	2020G (SAR .000)
General Insurance	347,262	390,316	388,407
Medical Insurance	152,751	139,036	126,710
Total	500,013	529,352	515,117

Source: The Company

3.12 Distribution of Company Revenues per Geographical Area

The Company practices its insurance business through selling and marketing its various insurance products through its head office in the city of Riyadh, and its two branches in the city of Jeddah, the city of Al-Khobar and the city of Khamis Masheet in addition to various points of sale throughout KSA (for more information, please refer to sub-section (10.7.2.8) "Company branches and Points of Sale", of Section no. (10) "Legal Information" of this Prospectus). Details of the total subscribed premiums of the Company for the financial years 2018G, 2019G and 2020G per geographical area are as follows:

Table: (13) Distribution of Company Revenues per Geographical Area

Area:	2018G (SAR .000)	2019G (SAR .000)	2020G (SAR .000)
Al Wosta Region	75,956	244,251	180,124
Western Region	342,333	242,392	231,999
Eastern Region	43,628	25,920	35,779
Northern Region	876	1,009	22,097
Southern Region	37,220	15,780	45,118
Total	500,013	529,352	515,117

Source: The Company

3.13 Reinsurance

The Company deals with four (4) reinsurance companies inside the Kingdom and abroad, aiming to cover part of the risks insured by the Company under the insurance operations it undertakes (for more information, please refer to sub-section (10.8.3) "Reinsurance Agreements" of Section (10) "Legal Information" of this Prospectus.)

The following table shows the re-insurance companies with which the Company deals:

Table: (14) Re-insurance companies with which the Company deals

#	Name of Re-Insurers	Country	Rating	Rated Company
1	Saudi Re	Saudi Arabia	A3	Moody's
2	Hannover Re Tkaful	Bahrain	A+	Standard & Poor's
3	FM Insurance Limited	United States of America	A+	A.M. Best
4	Inter Partner Assistance	Panama	A	A.M. Best

Source: The Company

3.14 The companies in which the Company owns shares or stocks

Save as the investment in Najm Insurance Services Company, the General Cooperative Insurance Company has no other investments whether inside the Kingdom or abroad and has no affiliates.

✓ Najm Insurance Services Company

General Cooperative Insurance Company owns (3.85%) in Najm Insurance Services Company, which is a Saudi closed joint stock Company, under commercial registration no. (1010229751). The capital of the Company is fifty million and eighty (50,000,080) Saudi Riyals paid in full and is divided into five million and eight (5,000,008) ordinary shares, with a nominal value of ten (10) Saudi Riyals per share fully paid. Details of the Company ownership percentage in Najm Insurance Services Company are as follows:

Table: (15) Details of the Company ownership percentage in Najm Insurance Services Company

Company	Ownership (%)	No. of Shares	Share nominal value (SAR)
Najm Insurance Services Company	3.85%	192,308	1,923,080

Source: The Company

3.15 Disruption of Business

There was no any disruption in the Company's business that may impact or has significantly impacted the financial condition during the last twelve (12) months.

3.16 Employees and Saudization

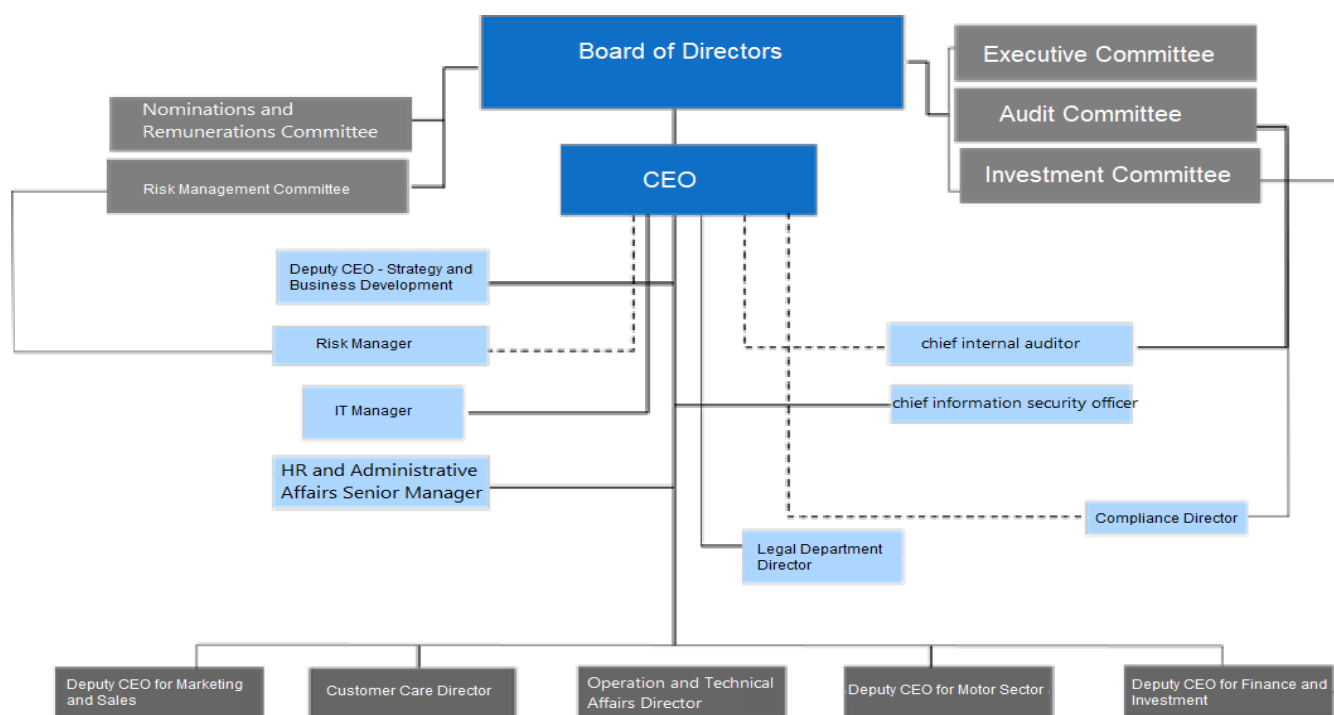
As at the date of this Prospectus, the number of Company employees reached (260) employees, including (186) Saudi employees and (36) non-Saudi employees. As per Nitaqat program issued by the Ministry of Human Resources and Social Development, the nationalization rate as at the date of this Prospectus was around (88.79%). The Company is classified within the "Platinum" range.

4 Company Organizational Structure

4.1 Organizational Structure

The following figure shows the organizational structure of Company:

Figure No. (1): Company's Organizational Structure



Source: The Company

4.2 Board of Directors

The table below shows Members of the Board of Directors:

Table no. (16) Board Members

Board Members								
The Company's Board of Directors appointed on 13/09/1440H (corresponding to 18/05/2019G) *								
Shares	Position	Membership status	Nationality	Age	Owned shares			
					Direct No.	Ratio	Indirect**** No.	Ratio
Fawaz Mohammed Nasser Al-Sharabi**	Chairman of Board of Directors**	Non-executive Independent	Saudi	48	-	-	-	-
Hussam Talal Amin Ghazzawi***	Deputy Chairman of the Board	Non-executive Non-independent	Saudi	53	705	0.0050000%	-	-
Mohamed Hani Abdel Qader Bakri Al Bakri	Board Member	Non-executive Non-independent	Saudi	63	-	-	-	-
Abdul Latif Muhammad Abdul Rahman Al Sheikh	Board Member	Non-executive Non-independent	Saudi	48	705	0.0050000%	-	-
Adel Mohammed Rashid Jamjoom****	Board Member	Non-executive Non-independent	Saudi	56	23	0.0001631%	-	-
Abdullah Abdulrahman Mohammed Al-Rabdi*****	Board Member	Non-executive Independent	Saudi	48	3,797	0.0269290%	-	-
Mishaal Ibrahim Miteb Al-Otaibi*****	Board Member	Non-executive Independent	Saudi	48	-	-	-	-

Source: The Company

* The Company's Ordinary General Assembly, in its meeting held on 10/09/1440H (corresponding to 15/05/2019G), agreed to elect the Directors for the current session, which starts from 13/09/1440H (corresponding to 18/05/2019G) and for a period of three years ending on the date of 16/10/1443H (corresponding to 17/05/2022G).

** The Company's board of directors decided on 03/07/1442H (corresponding to 15/02/2021G) to appoint Mr. Fawaz Muhammad Nasser Al-Sharabi as Chairman of the Board of Directors instead of Ms. Nouf Saud Naghimish Al-Haqbani, who submitted her resignation on 27/06/1442H (corresponding to 09/02/2021G), and the Company's board of directors had previously decided on 14/04/1442H (corresponding to 29/11/2020G) to appoint Ms. Nouf Saud Naghimish Al-Haqbani as Chairman of the Board of Directors instead of Mr. Thamer Abdullah Mohammed Al Rayes, who submitted his resignation on 19/01/1442H (corresponding to 07/09/2020G), and the Company obtained SAMA's no-objection thereon dated 22/11/1442H (corresponding to 02/07/2021G).

*** The Company's board of directors decided on 14/04/1442H (corresponding to 29/11/2020G) to appoint Mr. Hussam Talal Amin Ghazzawi as Deputy Chairman of the Board of Directors instead of Mr. Tariq Abdullah Hussein Al-Rumaim, who submitted his resignation on 02/ 03/1442H (corresponding to 19/10/2020G). The Company obtained SAMA's no-objection thereon dated 14/04/1442H (corresponding to 29/11/2020G).

**** The Company's board of directors decided on 22/07/1441H (corresponding to 17/03/2020G) to appoint Mr. Adel Muhammad Rashid Jamjoom as a non-executive member of the board of directors instead of Ms. Zain lyad Al-Imam, who submitted her resignation on 17/ 02/1441H (corresponding to 16/10/2019G), and appoint Mr. Abdullah Abdulrahman Muhammad Al-Rabdi as an independent member of the Board of Directors instead of Mr. Ziad Sami Al-Labban, who submitted his resignation on 23/02/1441H (corresponding to October 22, 2019G), after the Company obtained SAMA's no-objection thereon dated 21/07/1441H (corresponding to 16/03/2020G).

***** The Company's Board of Directors decided on 11/10/1442H (corresponding to 25/05/2021G) to appoint Mr. Mishaal Ibrahim Mutaib Al-Otaibi as an independent member of the Board of Directors. Such approval is not final, and such appointment shall be submitted to the first General Assembly meeting for approval. As of the date of this Prospectus, the Company did not receive a letter of no objection.

***** Board members have no indirect ownership in the Company as on the date of this Prospectus.

The recommendation was made by members of board of directors whose names are mentioned above (in addition to Mr. Thamer bin Abdullah bin Rayes, Mr. Tariq bin Abdullah Al-Rumaim, Ms. Nouf Saud Al-Haqbani, Mr. Hisham Muhammad Al-Sharif, with the exception of Mr. Adel Muhammad Rashid Jamjoom, and Mr. / Abdullah Abdul Rahman Al-Rabdi, and Mr. Mishaal Mutaib Al-Otaibi, who were appointed after the date of being recommended as members of board of directors as explained above). On 05/21/1441H (corresponding to 01/16/2020G), the Board of Directors recommended to increase the Company's capital through rights from one hundred and forty-one million Saudi Riyals (SAR 141,000,000) to two hundred and ninety-one million Saudi Riyals (SAR 291,000,000), with an increase of 106.38%, thus increasing the number of the Company's shares from fourteen million one hundred thousand (14,100,000) Ordinary Shares to twenty-nine million one hundred thousand (29,100,000) Ordinary Shares.

4.3 Company's Committees

Below is the description of Company's committees, their responsibilities, and current members of each committee:

4.3.1 Audit Committee

The Company board of directors, in its meeting held on 26/09/1440H (corresponding to 30/05/2019G), decided to form the Audit Committee, determine its tasks, controls and the remuneration of its members for the current session, which started on 14/09/1440H (corresponding to 18/05/2019G) for three years term that will expire by the end of the current board session on 16/10/1443H (corresponding to 17/05/2022G). the chairman of Audit Committee was appointed according to approval of the board of directors in its meeting held on 26/09/1440H (corresponding to 30/05/2019G), and the Company has obtained a no-objection letter from SAMA on 22/09/1440H (corresponding to 27/05/2019G). The members of Audit Committee are as follows:

Table No. (17): Members of the Audit Committee

Name	Occupation
Abdullah Saleh Marzouq Al-Harbi	Chairman
Nabil bin Abdul-Ilah Muhammad Nassif	Member
Muhammad Masoum Allah Maulana	Member
Abdullah Saleh Abdullah Al-Shubaily	Member

Source: The Company

Summary Roles and Responsibilities of Audit Committee

- ✓ Audit the Company's financial statements and ensure the integrity of financial statements, financial reporting procedures, internal accounting systems, and financial monitoring controls.
- ✓ Annual independent audit of the Company's financial statements, outsource external auditors, and evaluate the qualifications, performance and independence of external auditors.
- ✓ Recommend the appointment of internal auditor and statutory auditor, and review their roles and responsibilities periodically.
- ✓ Ensure that the Company is compliant with legal and regulatory requirements, including the Company's disclosure policy controls and procedures.
- ✓ Ensure that the Company's applicable policies and procedures are complied with.

4.3.2 Nominations and Remunerations Committee

The Company board of directors, in its meeting held on 26/09/1440H (corresponding to 30/05/2019G), decided to form the Nominations and Remunerations Committee, determine its tasks, controls and the remuneration of its members for the current session, which started on 14/09/1440H (corresponding to 18/05/2019G) for three years term that will expire by the end of the current board session on 16/10/1443H (corresponding to 17/05/2022G). The members of Nominations and Remunerations Committee are as follows:

Table No. (18): Members of the Nomination and Remuneration Committee*

Name	Occupation
Fawaz Mohammed Nasser Al-Sharabi	Chairman
Nayef Abdulaziz Omar Al-Tamimi	Member
Abdul Latif Muhammad Abdul Rahman Al Sheikh	Member

Source: The Company

* It is worth mentioning that the member of Nominations and Remunerations Committee, Eng. Tariq bin Abdullah Al-Rumaim, submitted his resignation from the membership of the Board of Directors on 02/03/1442H (corresponding to 19/10/2020G) and from his membership in the Nominations and

Remunerations Committee, and as at the date of this Prospectus, the Company did not apply for a letter of no objection to appoint a new member to the committee.

Summary Roles and Responsibilities of Nominations and Remunerations Committee

- ✓ Submit special recommendations regarding candidates for Board of Directors membership to General Assembly, and candidates for senior executive administrative positions, e.g. CEO and his deputies.
- ✓ Develop clear procedures and policies for the development of Board of Directors' Remuneration Policy
- ✓ Inform the Board of Directors regarding the annual review of Board's performance, and submit its recommendations to the Board regarding candidates for membership of Board's committees.
- ✓ Provide recommendation to the Board of Directors to approve the annual compensation and bonus policy and plans, and incentive plans to attract, retain and motivate distinguished employees.
- ✓ Evaluate the skills and experiences of members of the Board and senior executive management, and make recommendations regarding the necessary training programs in the light of the evaluation results.
- ✓ Develop social responsibility programs, and follow up the implementation thereof in cooperation with executive management.
- ✓ Ensure that the Company is continuously compliant with governance requirements, and report the same to Board of Directors.

4.3.3 Executive Committee

The Company board of directors, in its meeting held on 26/09/1440H (corresponding to 30/05/2019G), decided to form the Executive Committee, determine its tasks, controls and the remuneration of its members for the current session, which started on 14/09/1440H (corresponding to 18/05/2019G) for three years term that will expire by the end of the current board session on 16/10/1443H (corresponding to 17/05/2022G). The members of Executive Committee are as follows:

Table No. (19): Members of the Executive Committee*

Name	Occupation
Mohamed Hani Abdel Qader Bakri Al Bakri	Member
Hossam Talal Amin Ghazzawi	Member
Abdul Latif Muhammad Abdul Rahman Al Sheikh	Member

Source: The Company

* It is worth mentioning that the Chairman of the Executive Committee, Eng. Thamer bin Abdullah bin Rayes, who submitted his resignation on 19/01/1442H (corresponding to 07/09/2020G) from the position of Chairman of the Board of Directors and his chairmanship of the Executive Committee, in addition to a member of the Executive Committee, Mr. Hisham Muhammad Al-Sharif. And who had submitted his resignation from the position of Board Member and CEO on 20/10/1442H (corresponding to 01/06/2021G) and from his membership in the Executive Committee. At the date of this Prospectus, the Company did not receive a no-objection letter.

Summary Roles and Responsibilities of Executive Committee

- ✓ Study the topics assigned to it by the Board, submit recommendations it deems appropriate to the Board and make decisions in accordance with the powers granted to it by the Board.
- ✓ Review and grant credits to the Company's clients according to the powers granted to it.
- ✓ Study strategic and operational plans and budgets and express objection and initial approval of the same before submission to the Board.
- ✓ Evaluate the performance of the executive management in monitoring and managing credit and market risks.
- ✓ Recommend the estimated budgets and urgent changes to them and review performance against estimated budgets.
- ✓ Approve expenditures for administrative and capital costs beyond the authority of the executive management.
- ✓ Decide on and review the reports of executive management on operations and strategic and organizational plans.

4.3.4 Investment Committee

The Company board of directors, in its meeting held on 26/09/1440H (corresponding to 30/05/2019G), decided to form the Investment Committee, determine its tasks, controls and the remuneration of its members for the current session, which started on 14/09/1440H (corresponding to 18/05/2019G) for three years term that will expire by the end of the current board session on 16/10/1443H (corresponding to 17/05/2022G). The members of Investment Committee are as follows:

Table No. (20): Investment Committee Members*

Name	Occupation
Abdullah Abdul Rahman Muhammad Al-Rabdi	Member

Source: The Company

* It is worth mentioning that the Chairman of the Investment Committee, Eng. Thamer bin Abdullah bin Rayes, who submitted his resignation on 19/01/1442H (corresponding to 07/09/2020G) from the position of Chairman of the Board of Directors and his chairmanship of the Executive Committee, in addition to a member of the Investment Committee, Eng. Tariq bin Abdullah Al-Rumaim, who submitted his resignation from the membership of the Board of Directors on 02/03/1442H (corresponding to 10/19/2020G) and from his membership in the Investment Committee, and a member of the Investment Committee, Mr. Hisham Mohamed Al-Sharif, who submitted his resignation from the position of Board Member and CEO on 20/10/1442H (corresponding to 06/01/2021G) and from his membership in the Investment Committee. The Company obtained a no-objection board member, Mr. Abdullah Abdul Rahman Muhammad Al-Rabdi as a member of the Investment Committee on 12/03/1442H (corresponding to 10/29/2020G). The Company has submitted to SAMA to obtain a no-objection letter from SAMA to appoint a new member to the committee, and as of the date of this Prospectus, the Company has not obtained a no-objection letter.

Summary Roles and Responsibilities of Investment Committee

- ✓ Develop, formulate and modify the investment strategy.
- ✓ Recommend the appointment and dismissal of investment manager and evaluate his performance on continuous basis.
- ✓ Submit periodic reports to the Board of Directors regarding the performance of investment portfolio.
- ✓ Implement investment-related decisions and directives of Board of Directors.

4.3.5 Risk Management Committee

The Company board of directors, in its meeting held on 26/09/1440H (corresponding to 30/05/2019G), decided to form the Risks Management Committee, determine its tasks, controls and the remuneration of its members for the current session, which started on 14/09/1440H (corresponding to 18/05/2019G) for three years term that will expire by the end of the current board session on 16/10/1443H (corresponding to 17/05/2022G). The members of the Risks Management Committee are as follows:

Table No. (21): Members of Risk Management Committee

Name	Occupation
Hussam bin Talal bin Amin Al-Ghazawi	Chairman
Yusuf bin Abdullah bin Omar Basudan	Member

Source: The Company

* It is worth noting that a member of Risk Management Committee, Mr. Ziad Sami Al-Labban, resigned from the Board of Directors on 23/02/1441H (corresponding to 22/10/2019G), and from Risk Management Committee. Moreover, a member of Risk Management Committee, Mr. Hisham Mohammed Al-Sharif resigned from Board Member and CEO position on 20/10/1442H (corresponding to 01/06/2021G) and from Risk Management Committee. The Company has applied to SAMA to obtain a no-objection letter to appoint a new committee member, and as at the date of this Prospectus the Company has not obtained the no – objection letter.

Summary Roles and Responsibilities of Risk Management Committee

- ✓ Study the risks that the Company may face.
- ✓ Adopting a comprehensive risk management strategy based on the impact of market conditions and available experience in dealing with associated risks that the Company may be exposed to.
- ✓ Conduct periodic reviews and updates to risk management strategy, taking into account the Company's internal and external variables.

4.4 Executive Management

The table below shows the Company's executive management in detail:

Table No. (22) the executive management in detail

Name	Position	Nationality	Age	Appointment Date	Owned shares			
					Direct No.	Direct Ratio	Indirect No.	Indirect Ratio
Muhammad Abdullah Al-Qadi*	Chief Executive Officer	Saudi	56	01/08/2021G	-	-	-	-
Muhammad Abdullah Al-Qadi	Head of Operations and Technical Affairs	Saudi	56	01/01/2012G	-	-	-	-
Hassan Awad Hassan Al-Hazmi	Executive Deputy President of Marketing and Sales assigned as Head of Information Technology	Saudi	45	01/07/2009G	-	-	-	-
Shaqul Hamid Sharif	Deputy President of Finance and Investment	India	49	13/12/2008G	-	-	-	-
Ammar cut the dish	Assistant CEO – Strategy and Business Development	Saudi	44	03/09/2013G	-	-	-	-
Majed Mohammed Chaudry	Head of Information Security	Saudi	41	01/01/2019G	-	-	-	-
Abdulaziz Frayan Al-Anzi	Executive Deputy President of Automotive Division	Saudi	45	18/06/2017G	-	-	-	-
Firas Mohammed Suleiman Al-Hamdan	Head of Compliance Department	Saudi	36	08/09/2012G	-	-	-	-
The new Moataz Mansour Abdulaziz	Director of Legal Affairs Department	Saudi	36	17/08/2014G	-	-	-	-
Hani Eid Muhammad Rostom	Head of Internal Audit Department	Egypt	52	01/04/2008G	-	-	-	-
Majed Ahmed Hussein Al Yamani	Senior Director of Human Resources and Administration Department	Saudi	36	06/01/2014G	-	-	-	-
Talal Ali Farha Al-Hasani Al-Zahrani	Director of Customer Care Department	Saudi	36	02/02/2013G	-	-	-	-
Abdul Rahman Muhammad Amir Pecha	Risk Manager	India	65	04/12/2012G	-	-	-	-

Source: The Company

* The Company's board of directors decided on 01/23/1443H (corresponding to 08/31/2021G) to appoint Mr. Muhammad Abdullah Al-Qadi as the CEO of the Company in place of the former CEO, Mr. Hisham Muhammad Abdullah Al-Sharif, who submitted his resignation on 10/20/1442H. Corresponding to 01/06/2021G).

4.5 Compensations and Remunerations of Board Members and Senior Executives

The Nominations and Remunerations Committee is responsible for proposing the compensations and remunerations of board members and senior executives. The following table shows the salaries, remunerations and allowances received by board members and the top five executives during the past three years:

Table (23): salaries and allowances received by Board Members and top five Senior Executives

In Saudi Riyals	Fiscal year ended on 31 December 2018G	Fiscal year ended on 31 December 2019G	Fiscal year ended on 31 December 2020G
Board Members	2,389,705	1,551,624	1,405,500
Top Five Senior Executives, CEO and CFO	5,620,904	5,620,904	6,154,710
Total	8,010,609	7,172,528	7,560,210

Source: The Company

5 Employees

5.1 Employees' stock programs existing prior to filing the application for registration and offering the securities under this Prospectus

As of the date of this Prospectus, the Company has no share allocation programs for its employees.

5.2 Arrangements for Employees participation in the capital

As of this Prospectus, there are no arrangements for employees; participation in the Company's capital.

6 Financial Information and Discussion of the Management Analysis

6.1 Introduction

The following information is based on the discussion and analysis of the financial condition, the results of the Company's audited financial statements for the fiscal year ending on December 31, 2018G, and the notes attached thereto, which were reviewed and audited by Al Azem, Al Sudairy, Al Shaikh & Partners CPA's & Consultants and Dr. Mohamed Al-Amri & Co., in addition to the Company's audited financial statements for the fiscal year ending on December 31, 2019G, and 2020G and the explanations attached thereto, which were reviewed and audited by PKF Al Bassam and Co. and Al Azem, Al Sudairy, Al Shaikh & Partners CPA's & Consultants.

Neither Al Azem, Al Sudairy, Al Shaikh & Partners CPA's & Consultants, Dr. Mohamed Al-Amri & Co., PKF Al Bassam and Co. nor any of their affiliates or sister companies have any share or interest of any kind in the Company. They also have given their written consent and have not backed down therefrom in connection with the publication of their names, logos, and statements in this Prospectus as the Company's auditors for the above-mentioned years.

The Company's audited financial statements for the fiscal year ending on December 31, 2018G, were prepared in accordance with the International Financial Reporting Standards (IFRS) approved in the Kingdom of Saudi Arabia and other issuances approved by the Saudi Organization for Chartered and Professional Accountants (SOCPA) and amended by SAMA for accounting zakat and income tax. The amendment requires applying all the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), except for IAS 12 "Income Tax" and Interpretation No. 21 "Taxes" of Interpretation Committee as they relate to zakat and income tax. Whereas, according to SAMA's Circular No. (381000074519) dated 07/14/1438H (corresponding to 11/04/2017G) and the subsequent amendments thereto with regard to accounting zakat and income tax, the entitlement to zakat and income tax is on a quarterly basis through shareholders' equity in retained earnings.

The Company's audited financial statements for the fiscal year ending on December 31, 2019G, and 2020G were prepared in accordance with the International Financial Reporting Standards (IFRS) approved in the Kingdom of Saudi Arabia and other issuances approved by the Saudi Organization for Chartered and Professional Accountants (SOCPA) and amended by SAMA for accounting zakat and income tax based on the instructions issued by SAMA on 20/11/1440H (corresponding to 23/07/2019G), which stipulate updating the accounting policies for the accounting treatment of zakat and income tax in the income statement. The Company modified the effect retroactively in line with the International Financial Reporting Standards (IFRS).

This part may include statements of a forward-looking nature related to the Company's future capabilities based on management's current plans and expectations regarding the Company's growth, results of operations, and financial conditions. It also may involve risks and uncertain expectations. The Company's actual results may also differ materially from those expectations as a result of various future factors and events, including the factors discussed in this section of the Prospectus or elsewhere hereof, especially those mentioned in Section (2) "Risk Factors".

The financial information contained in this section for the fiscal year ending on December 31, 2018G, was extracted as it is classified in the audited financial statements for the fiscal year ending on December 31, 2019G, and the financial information for the fiscal year ending in 2019G was extracted as it is classified in the audited financial statements for the fiscal year ending on December 31, 2020G.

All financial information contained in this section is presented in Saudi Arabian Riyals unless otherwise stated. The amounts were rounded to the nearest whole number. Accordingly, if the figures in the tables are added, their sum may not correspond to the totals mentioned in those tables. It is also worth noting that all annual growth rates, profit margins, costs, and compound annual growth rates were calculated based on the rounded figures in the tables below.

6.2 Directors Declarations for Financial Statements

Members of Board of Directors declare that:

1. All substantive facts relating to the Company and its financial performance have been disclosed in this Prospectus, and that there is no information, documents, or other facts that, if omitted, the statements contained in this Prospectus will become misleading.
2. The financial information contained in this Prospectus has been extracted from the Company's audited financial statements for the fiscal years ending on December 31, 2018G, 2019G, and 2020G, and the notes attached thereto without any substantial modification, in addition to that they contain financial information provided on a consolidated basis in a format that is consistent with the financial statements approved by the Company annually in accordance with the International Financial Reporting Standards (IFRS).
3. The Company has inflicted losses during the fiscal year ending on December 31, 2018G, except for what was disclosed in this Prospectus in relation to the accumulated losses. There has been no substantial negative change in the Company's financial and commercial position during the three fiscal years ended on December 31, 2017G, 2018G, and 2019G which immediately preceded the application date for issuance of priority rights shares in addition to the end of the period covered by the Auditor Report until the Prospectus is approved.
4. The Company has operating capital sufficient for at least 12 months immediately following the issuance date of this Prospectus.
5. The Company does not have any other loans or indebtedness, including overdrafts from bank accounts. The Board of Directors also declares that there are no security obligations (including personal guarantee, or obligations not covered by a personal guarantee or secured or unsecured by a mortgage), obligations under acceptance, acceptance credit, lease-purchase obligations, any issued and existing debt instruments, approved and unissued debt instruments, or term loans.
6. As far as the Directors know, there are no mortgages, rights, burdens, or costs on the Company's property as in the date of this Prospectus.
7. No commissions, discounts, brokerage fees, or non-cash compensation have been awarded by the Company to any of its directors, senior executives, personnel who offer or place securities or experts during the three years immediately preceding the date of the application for issuing priority rights shares subject to this Prospectus.
8. The Company does not have any holdings in contractual securities or other assets the value of which is subject to volatility or difficult to ascertain, which greatly affects the valuation of the financial condition.
9. The Company does not have any potential liabilities, guarantees, or any significant fixed assets intended to be purchased or leased, except for what has been disclosed in Subsection (6.8) "Contingent Obligations" of this section.
10. The Company's capital is not subject to the right of choice as in the date of this Prospectus.
11. The Company is not aware of any seasonal factors or activity-related economic cycle that may have an impact on the Company's business and financial condition, except as disclosed in Section (2) "Risk Factors" of this Prospectus.
12. The Company does not have information about any governmental, economic, financial, monetary or political policies or any other factors that have affected or could materially affect (directly or indirectly) the Company's operations, except as disclosed in Section (2) "Risk Factors" of this Prospectus.
13. There has been no interruption in the Company's business which could or may have had a significant effect on the financial condition during the last twelve (12) months from the date of this Prospectus.
14. As of the date of this Prospectus, the Company has no subsidiaries.

6.3 Important Accounting Policies

Basis of Presentation and Measurement

These financial statements are prepared on the basis of the principle of continuity and the principle of historical cost, except for measuring the fair value of investments available for sale. The Company's statement of financial condition is not listed using the current/non-current method. However, the following balances can be classified as current: cash and cash equivalents, term deposits, net premiums and receivables for reinsurers, reinsurers' share of unearned premiums, reinsurers' share of outstanding claims, reinsurers' share of claims that were incurred but not reported, costs of acquiring deferred policies, dues from related parties, prepaid expenses, other assets, payable policyholder claims, accrued liabilities and other liabilities, unearned premiums, unearned reinsurance commission, outstanding claims, claims that were incurred but not reported, other technical reserves and distribution of payable surplus, zakat and income tax. The following balances are generally classified as non-current: end of service benefits, investments, statutory deposit, and income accrued on statutory deposit, property, and equipment.

The Company offers its statement of financial condition according to liquidity. In accordance with the requirements of the Kingdom of Saudi Arabia's insurance regulations, the Company maintains separate account records for the insurance and shareholder operations and offers financial statements accordingly (Note 26). Assets, liabilities, revenues, and expenses related to each activity are recorded in their accounts. The basis for the distribution of joint operations expenses is determined by the management and the Board of Directors.

The statement of financial condition, income statement, comprehensive income statement and cash flow statement from insurance and shareholder operations that are included in Note (26) of the financial statements have been provided as supplementary financial information to comply with the requirements of the guidelines issued by the Executive Regulations of the Saudi Central Bank and are not required under International Financial Reporting Standards (IFRS). The Executive Regulations issued by the Saudi Central Bank require a clear separation between the assets, liabilities, revenues, and expenses of insurance and shareholder operations. Accordingly, the statement of financial condition, income statement, comprehensive income statement, and cash flow statement prepared for insurance and shareholder operations referred to hereinabove only reflect the assets, liabilities, revenues, expenses, and comprehensive profit or loss of the respective operations.

When preparing Company-wide financial statements in accordance with International Financial Reporting Standards IFRS, the balances and transactions of insurance operations are merged with those of shareholder operations. Inter-operational balances, transactions, and unrealized gains and losses, if any, are eliminated in full during the merger. The accounting policies adopted for insurance and shareholder operations are unified for similar transactions and events in similar circumstances.

The inclusion of separate information for insurance operations in the Company's financial information in the statement of financial condition, income statement, comprehensive income statement, cash flow statement, as well as some related notes on the financial information represents a supplementary addition to the required information as required by the Executive Regulations.

In accordance with Company's bylaws, the surplus generated from insurance operations is distributed as follows:

- Transfer to shareholder operations	90%
- Transfer to policyholder operations	10%
	<hr/>
	100%
	<hr/>

In the event of a deficit, the entire deficit will be transferred to shareholder operations.

Presentation Currency

These financial statements are presented in SAR, which is also the functional currency of the Company. All financial information presented in SAR has been rounded to the nearest thousands, except as otherwise indicated.

Fiscal Year

The Company follows the fiscal year ending on December 31.

Significant Accounting Estimates and Judgments

The preparation of financial statements requires the use of estimates and judgments that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the amounts of revenue and expenses reported during the disclosure year. Although these estimates and judgments are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Below are the key assumptions regarding the future and other key sources of estimation uncertainty at the date of the statement of financial condition that has a significant risk of causing a material adjustment to the book values of assets and liabilities within the next fiscal year.

Final Liability arising from Claims submitted under Insurance Contracts

The final estimate of the liability resulting from claims submitted under insurance contracts is the most significant accounting estimate for the Company. There are several sources of uncertainty that need to be considered in estimating the final obligation the Company will pay for these claims. Estimates are made at the end of the reporting period for the expected final cost of reported claims and the expected final cost of accrued but unreported claims. The obligations of the claims reported but unpaid are estimated using the results of the estimates for individual cases reported to the Company. At the end of each year report, claims estimates for the previous year are reassessed to ensure their suitability, and changes are made to the provision. These estimates are necessarily based on important assumptions on several factors that include varying, and possibly significant, degrees of estimation and uncertainty, and actual results may differ from management estimates leading to future changes in estimated liabilities. Claims requiring court decisions or arbitration are assessed individually. Independent loss settlement experts usually assess property claims. The Management reviews its provisions for claims incurred monthly and claims incurred but not reported on a quarterly basis. The provision for the outstanding claims is verified, on December 31, by an independent actuarial expert.

The estimate of ultimate liability arising from claims made under insurance contracts is the Company's most significant accounting estimate. There are many sources of uncertainty that must be taken into account in estimating the liability that the Company will ultimately pay for such claims. Estimates are made at the end of the reporting period for both the expected final cost of a compensation claim and the expected final costs of claims incurred but not reported. Liabilities for unpaid claims are estimated using the inputs to assessments of the individual cases reported to the Company. At the end of each reporting period, the previous year's claims estimates are reassessed for adequacy, and changes are made to the provision.

Claims that require court decisions or arbitration are estimated individually. Independent loss adjusters estimate property claims. Management reviews its provisions for claims incurred and claims incurred but not reported on a quarterly basis.

The provision for claims incurred but not reported is an estimate of claims that are expected to be reported after the statement of financial condition date, at which the insurer's event occurred prior to the statement of financial condition date. The primary technique adopted by the management in estimating the cost of reported and incurred but not reported claims is to use past claims settlement trends to forecast future claims settlement trends. Actuaries use a combination of methods such as the chain ladder method, the Bornhuetter-Ferguson method, and the expected loss rate method to determine these provisions. The actuary also used the segmentation method including per member per year (PMPY) cost analysis for the commercial

medical line of business. These methods are based on a number of explicit or implicit assumptions regarding expected repayment value and claims repayment patterns.

Impairment Losses of Accounts Receivable

The Company assesses the significant amounts of accounts receivable individually and the amounts of accounts receivable collectively as a part of the financial assets with similar credit risk characteristics of impairment. Accounts receivable that are individually assessed to determine impairment and for which an impairment loss is or continues to be recognized are not included in a collective assessment of impairment. This assessment requires judgment. In making such judgment, the Company assesses the credit risk characteristics which consider the prior condition as evidence of the ability to pay all amounts due in accordance with the contractual terms.

Fair Value of Financial Instruments

The fair value of financial instruments traded in active markets at the reporting date is based on quoted prices for marketable securities or estimated fair values. The fair value of commission-bearing items is estimated based on discounted cash flows using commission for items with similar terms and risk characteristics.

The fair value of financial instruments where there is no active market or where quoted prices are not otherwise available is determined using valuation techniques. In these cases, fair values are estimated from observable data for similar financial instruments or by using models. When observable market inputs are not available, they are estimated based on appropriate assumptions. When valuation techniques (e.g., models) are used to determine fair values, they are verified and reviewed periodically by qualified personnel independent from those who acquired them. All models are certified prior to use, and models are calibrated to ensure that outputs reflect the actual data and comparable market prices. To the extent practical, models use only observable data; however, areas such as credit risk (own credit risk and counterparty risk), volatility, and correlations require the management to make estimates.

Principle of Continuity

The Company's management has assessed its ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, the management is not aware of any material uncertainties that may cast doubt on the Company's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on a going concern basis.

Useful Lives of Property, Equipment, and Intangible Assets

The Company's management determines the estimated useful lives of its property, equipment, and intangible assets for depreciation/amortization calculation. These estimates are determined after considering the expected usage of the assets or their physical condition. Management reviews the residual value and useful life annually and depreciation/amortization expense will be adjusted in the future, as the management believes that the useful life differs from the previous estimates. Property and equipment are stated at cost minus accumulated depreciation and any impairment losses. Subsequent costs are included in the asset book value or recognized as a separate asset, as appropriate only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repair and maintenance costs are charged to the income statement during the financial period in which they are accrued. The land is not depreciated. The cost of other items of property and equipment is depreciated on a straight-line basis to allocate the cost over the estimated useful lives, as follows:

	The number of years
Cars	4
Office furniture, fixtures and equipment	7
Computers and software	4
Tenant improvements	7

Defined Employee Benefit Obligations

The defined employee benefits obligation is determined by an independent actuary using the projected unit credit method as recommended in IAS 19 "Employee Benefits". The present value of the defined benefit obligation is determined by discounting the estimated cash flows using interest rates for debt instruments that are denominated in SAR and have maturities that approximate the maturity of the award.

The present value of the defined benefit obligation depends on several factors that the actuary determines using assumptions such as the discount rate, expected future salary increases, mortality rates, employee turnover, etc. These estimates are subject to significant uncertainty due to their long-term nature and are revised at each reporting date.

Zakat Provision

Zakat provision is generated and recorded at the end of each fiscal year in accordance with the regulations of the Zakat, Tax and Customs Authority in force in the Kingdom of Saudi Arabia. Differences in zakat assessments are recorded in the income statement when the final zakat assessments are obtained.

Deferred Tax

A deferred tax asset is recognized only to the extent it is probable that future taxable profits will be available and the balances can be used. The deferred tax asset has not been presented in these financial statements for the fiscal year ended December 31, 2020G, as the Company does not expect to provide future tax profits for the use of any tax credits. Deferred tax principal amount is estimated as of December 31, 2020G Nil (December 31, 2019G: Nil).

Reinsurance

The Company is exposed to disputes with reinsurers and the possibility of default. The Company quarterly monitors the evolution and strength of disputes with reinsurance companies.

1.1 Changes and Amendments in Accounting Policies

The accounting and risk management policies used in preparing these statements are consistent with those used in preparing the annual financial statements for the fiscal year ended December 31, 2019G, except for:

Standards issued and in force

Standard/Amendment	Description	Effective Date
IFRS 16	Leases	January 1, 2020

IFRS 16 was issued in January 2016 and is effective for the annual periods beginning on or after January 1, 2020G. On January 1, 2020, i.e. the effective date, IFRS 16 did not have a significant financial impact on the Company's financial statements. IFRS 16 states that all leases and the associated

contractual rights and obligations must generally be recognized in the Company's statement of financial condition unless the term is 12 months or less or the lease is for low-value assets.

IFRS 16 "Leases" introduces a single accounting model that is included in the balance sheet of lessees. The lessee recognizes the right-of-use asset that represents its right to use the underlying asset and the lease liability that represents its obligation to make lease payments. There are optional exceptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard — i.e. lessors continue to classify leases as finance or operating leases.

Consequently, the classification required under IAS 17 "Leases" in operating or financial leases of lessees is eliminated. For each lease, the lessee recognizes the lease liability incurred in the future. In return, the right to use the leased asset is capitalized, which is generally equal to the present value of future lease payments plus directly attributable costs amortized over its useful life.

Right-of-Use Assets

The Company recognizes right-of-use assets on the commencement date of the lease (i.e. the date on which the underlying asset becomes available for use). Right-of-use assets are measured at cost minus any accumulated depreciation and any impairment losses, adjusted for any remeasurement of the lease liability. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made on or before the lease commencement date, less any received lease incentives or the cost of restoring the asset. Unless the Company is reasonably certain about obtaining the title of the leased asset at the end of the lease term, the recognized right-of-use assets are depreciated on the straight-line method over their estimated useful life or the lease term, whichever is less. If the Company is reasonably certain that it will use the purchase option, the right-of-use asset is depreciated over the useful life of the asset. Right-of-use assets are subject to impairment.

Lease Liabilities

The Company, at the commencement of the lease, recognizes the lease liabilities which are measured based on the present value of the lease payments to be made over the term of the lease. Lease payments include fixed payments (including the actual fixed payments) less any due lease incentives, index or rate variable rent payments, and amounts expected to be repaid under repaid lease guarantees. Lease payments also include the exercise price of the purchase option reasonably certain to be exercised by the Company and payments of lease termination penalties if the lease reflects the Company's exercise of the termination option. Variable rent payments that do not depend on a specific index or rate are recognized as an expense in the period during which the event or circumstance results in the payment being made.

When calculating the present value of the lease payments, the Company uses the incremental borrowing rate at the commencement of the lease. If the interest rate implicit in the lease cannot be readily determined, it should be the interest rate that the lessee must pay to borrow the necessary financing over a similar term and with the same guarantees to obtain an asset of the same value as the "right-of-use" asset in a similar economic environment. After the lease commencement date, the amount of the lease commitments is increased to reflect the increased interest and reduced by the lease payments made. In addition, the book value of the lease liabilities is remeasured if there is an adjustment such as a change in the lease term; a change in the actual fixed lease payments; or a change in the purchase estimate of the underlying asset.

Lease payments are distributed between the principal amount and the cost of finance. The finance cost is charged to profit or loss over the lease term in order to find a constant periodic interest rate on the remaining balance of the obligation each year.

The effect of adopting IFRS 16 on the statement of financial condition as of January 1, 2020G, is as follows:

	SAR (thousands)
Total lease liabilities recognized on January 1, 2020	9,985

New Standards, Amendments, and Interpretations not yet applied by the Company

The following is a list of standards that have been issued but are not yet effective even after the issuance date of the Company's financial statements. The list represents the issued standards and interpretations that the Company reasonably expects to be applicable at a future date. The Company intends to apply these standards when they become effective:

Standard/Interpretation	Description	As of periods beginning on or after the following date
International Financial Reporting Standard No. (3)	Business Definition - Amendments to IFRS 3	January 1, 2020G
International Accounting Standard No. (1), and International Accounting Standard No. (8)	Definition of Importance - Amendments to IAS 1 and IAS 8	January 1, 2020G
International Financial Reporting Standard No. (17)	Insurance Contracts	January 1, 2022G
International Financial Reporting Standard No. (9)	Financial Instruments	January 1, 2022G

The Company does not expect such standards to have a material impact on the financial statements, except for the application of IFRS 17 and IFRS 9, which are mentioned below:

International Financial Reporting Standard No. (17) (IFRS 17) - Insurance Contracts

This standard was published on May 18, 2018G. It sets out the principles for the recognition of measurement, presentation, and disclosure of insurance contracts and replaces IFRS 4 – “Insurance Contracts”.

The new standard applies to the issued insurance contracts, all reinsurance contracts and investment contracts with voluntary participation benefits, provided that the entity also issues insurance contracts. It requires separating the following information from insurance contracts:

First: the implicit derivatives, if they meet specific criteria;

Second: Distinctive investment elements; and

Third: Any undertaking to transfer specific goods or non-insurance services.

This information should be processed separately under the relevant standards (IFRS 9 and IFRS 15).

Measurement:

Contrary to the requirements stipulated in IFRS 4 that allowed insurance companies to continue to use accounting policies for measurement purposes that existed before January 2015G, IFRS 17 provides the following different measurement models:

a) Cash Flows to fulfill Contracts, which include:

Weighted estimates of expected future cash flows,

- Necessary adjustments to reflect the time value of money (discount) and the financial risks associated with these future cash flows, and
- Adjustment of non-financial risks.

b) Contractual Service Margin:

The contractual service margin represents the unrealized profit for a group of insurance contracts and will be recognized as soon as the Company provides insurance coverage services in the future. The contractual service margin cannot be negative from the start. Any shortfall in cash flows that must be met at the beginning of the contract is recorded in the income statement. At the end of each subsequent financial period, the book value of a group of insurance contracts is re-measured as:

- The total liabilities for the remaining coverage, which includes the cash flows to meet the contractual obligation relating to future services and the contractual service margin for that group of contracts on that date; and
- The total liabilities for the incurred claims, which will be measured as cash flows to meet contractual obligations previously incurred for that group of contracts on that date.

The contractual service margin is subsequently adjusted for changes in cash flows relating to future contractual services. Since the contractual service margin cannot have a negative value, changes in future cash flows with a value greater than the value of the remaining contractual service margin are recognized in the income statement. The impact of the change in discount rates will be reported either in the income statement or the other statement of comprehensive income, and this is determined in the accounting policies.

The variable fee model is a mandatory model for measuring contracts with direct participation benefits (also referred to as “direct participation contracts”). This assessment is made as to whether the contract meets these criteria at the commencement of the contract and is not subsequently re-assessed.

For these contracts, in addition to the general measurement model, the contractual service margin is also adjusted for:

- First: the Company's share of changes in the fair value of the basic elements, and
- Second: the impact of changes in the time value of money and financial risks that are not related to the basic elements.

In addition, the simplified premium allocation approach is permitted to measure liabilities for residual coverage, if it provides a measurement that is not materially different from the general measurement model for a group of contracts or if the coverage period for each contract in the group is one year or less. With the application of the simplified premium allocation approach, the remaining coverage obligation corresponds to the premiums received at initial recognition minus the cash flows for insurance policy acquisition costs. The general measurement model remains valid for measuring liabilities for incurred claims. However, an entity is not required to adjust future cash flows for the time value of money and the impact of financial risk, if these cash flows are expected to be paid/received in one year or less from the date the claims are incurred.

Application Date

The International Accounting Standards Board (IASB) issued amendments to the draft of International Financial Reporting Standard (17) (IFRS 17) proposing specific amendments to IFRS 17 during June 2020G and received proposals from various concerned parties. The IASB is currently reviewing the issues raised by stakeholders. For any proposed amendments to IFRS 17, the IASB will follow its normal standard-setting legal procedures. The date of applying IFRS 17 and deferring the exemption of IFRS 9 in IFRS 4 is January 1, 2021G, until now. Under the current draft, it is proposed to amend IFRS 17 to the reporting periods beginning on or after 1 January 2022G. This deferral is for one year compared to the date before January 1, 2021G. Early application is permitted, if IFRS 15 “Revenue from Contracts with Customers” and IFRS 9 “Financial Instruments” have been applied. The Company intends to apply the standard on its effective date.

Shift

When the new standard is applied, it must be done retrospectively. However, if a full retrospective application of a group of insurance contracts is impractical, the Company is obligated to choose either a modified retrospective model or a fair value model.

Presentation and Disclosure

The Company expects that this new standard will result in a change in the accounting policies for insurance and reinsurance contracts, with amendments to presentation and disclosure.

Impact of Applying the Standard

The Company is currently evaluating the impact of applying IFRS 17. From the date of publishing these financial statements, the financial impact of fully applying the standard has not been evaluated by the Company. The Company conducted change analysis for the main areas which are as follows:

Change Area	Change Summary
Financial Change	The Company is currently undergoing a financial impact assessment process to assess the financial impact of applying IFRS 17.
Data	The impact of the data is likely to be negligible as the term of the majority of the Company's contracts is less than one year. It will be qualified for measurement under the premium allocation approach which is somewhat similar to the Company's current approach under IFRS 4.
Information Technology	The Company is in the process of completing its assessment of the IT system requirements and these requirements are documented to provide an IT vendor with actuarial and financial solutions to manage the required change.
Processing	The Company has conducted an Operational Impact Assessment to assess the operational impact of applying IFRS 17.
Impact on Reinsurance Agreements	Reinsurance contracts held by the Company are under review and an assessment is being made to determine the applicable measurement model under IFRS 17.
Impact on Policy and Control Framework	The Company has appointed an external consultant to amend its existing policies and control framework in line with the requirements of IFRS 17.

The Company started the implementation process and established a special working group leadership committee for applying IFRS 17.

IFRS 9 - Financial Instruments

This standard was published on July 24, 2014G, and replaced IAS 39. The new standard addresses the following items related to financial instruments:

a) Classification and Measurement:

IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost, at fair value through other comprehensive income, or at fair value through profit or loss. A financial asset is measured at amortized cost, if the following two conditions are met together:

- The asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows, and
- The contractual terms of the financial asset give rise to cash flows that are solely payments of the principal amount and interest on the principal amount outstanding on specified dates.

The financial asset is measured at fair value through other comprehensive income and the realized profits or losses are recycled through profit or loss upon sale if the following two conditions are met:

- The asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows and to sell financial assets, and
- The contractual terms of the cash flows are the principal amount and the interest accrued thereon exclusively.

Assets that do not meet any of these categories are measured at fair value through profit or loss. In addition, upon initial recognition, an entity may use the option to designate a financial asset at fair value through profit or loss, if this would eliminate or significantly conflict with the accounting matching principle.

For equity instruments that are not held for trading, the entity may also irrevocably elect to present subsequent changes to the fair value through other comprehensive income (including realized profits and losses), and the dividends are recognized in profit or loss.

In addition, for financial liabilities that are designated at fair value through profit and loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of those liabilities is recognized in other comprehensive income, unless recognition of the effects of changes in the credit risk of the obligation in other comprehensive income would cause an accounting mismatch in the income statement.

b) Impairment:

The impairment model under IFRS 9 reflects expected credit losses, compared to credit losses incurred under IAS 39. Under IFRS 9, it is no longer necessary for a credit event to occur before credit losses are recognized. Instead, an entity always calculates ECL and the changes in such ECL. The amount of ECL is updated at each reporting date to reflect changes in credit risk since the initial recognition.

c) Hedge Accounting:

IFRS 9 introduces new requirements for hedge accounting that link hedge accounting more closely with risk management. The requirements define a more principled approach to the general hedge accounting model. The amendments apply to all hedge accountings except for portfolio fair value hedges for interest rate risk (commonly referred to as "total fair value hedges"). For these hedges, the Company may continue to apply the hedge accounting requirements currently stipulated in IAS 39. This exception was granted to a large extent because the IASB treats macro hedge accounting as a separate project.

Application Date

The effective date of IFRS 9 was January 1, 2019G. However, the amendments to IFRS 4 "Insurance Contracts": Applying IFRS 9 "Financial Instruments" with IFRS 4 "Insurance Contracts" published on September 12, 2016G, allow companies that issue insurance contracts within the scope of IFRS 4 to mitigate the effects of applying IFRS 9 before the new Insurance Contracts Standard of IAS (IFRS 17 "Insurance Contracts") becomes effective. The amendments offer two alternative options:

1- Applying an Interim Exemption from applying IFRS 9 until:

- a) The effective date of the new insurance contracts standard; or
- b) Periods of annual financial statements beginning on or after January 1, 2021G. The IASB proposes to extend the effective date of IFRS 17 and the interim exemption of IFRS 9 in IFRS 4 to January 1, 2022G. Additional disclosures relating to financial assets are required during the deferral period. This option is only available to companies whose activities are predominantly insurance-related and have not previously applied IFRS 9.

2- Applying IFRS 9, but for specific financial assets, the effects of some accounting mismatches that may occur before the implementation of the new insurance contract standard (IFRS 17 "Insurance Contracts") are removed from the income statement. During the interim period, additional disclosures are required.

The Company shows that it qualifies for the interim exemption option (1). The qualification inference is based on an analysis of the percentage of the consolidated gross book value of liabilities associated with insurance activities related to the book value of all liabilities, which indicates that the Company's activities are mostly insurance-related. Accordingly, the Company decided to defer the application of IFRS 9 until the date of application of

the new insurance contracts standard. Notes related to the financial assets required during the deferral period are included in the Company's financial statements.

As of December 31, 2020G, the Company has total financial and insurance-related assets amounting to SAR 495.25 million and SAR 51.79 million, respectively. Currently, financial assets held at amortized cost consist of cash and cash equivalents, short-term deposits, accounts receivable, reinsurance premiums, and other receivables amounting to SAR 433.27 million in 2019G: SAR 433.13 million. Other financial assets consist of available-for-sale investments amounting to SAR 51.1 million in 2019G: SAR 57.7 million. The Company expects to use FVTOCI classification for these financial assets based on the Company's business model for debt securities and the strategic nature of equity investments. However, the Company has not yet performed a detailed assessment to determine whether the debt securities meet the test of asset and interests exclusively accrued thereon as required in IFRS 9. The exposure to credit risk, credit concentration risk and credit quality of these financial assets are presented in Note 25. The Company's financial assets had low credit risk on December 31, 2020G, and 2019G. The foregoing is based on a high-level impact assessment of IFRS 9. This preliminary assessment is based on currently available information and may be subject to changes arising from more detailed analyses or additional reasonable and supportive information provided to the Company in the future. In general, the Company expects the occurrence of an impact from applying the impairment requirements stipulated in IFRS 9; however, such impact is not expected to be significant. At present, a reasonable estimate of the impacts of applying this new standard cannot be provided because the Company has not yet undertaken a detailed review.

6.4 Key Performance Indicators

The following table shows the key performance indicators for the financial years ending on December 31, 2018, 2019, and 2020.

Table No. (24): Key Performance Indicators

Percentage %	Financial Year ending on December 31		
	2018 (Audited)	2019 (Audited)	2020 (Audited)
Attribution rate	7.9%	10.2%	11.9%
retention rate	91.2%	89.0%	87.3%
Loss rate	74.3%	77.3%	79.5%
Insurance policy acquisition costs/Net Earned Premiums	6.8%	5.4%	9.6%
Commissions earned from reinsurance/Net Earned Premiums	0.5%	0.8%	0.9%

Source: Management information

6.5 Results of operations - Income Statement

The following table indicates the Company's Income Statement for the fiscal years ending on December 31, 2018G, 2019G and 2020G.

Table No. (25): Income Statement

,000 SAR	Fiscal year ended December 31			Increase/(decrease)		CAGR – 2018G – 2020G
	2018G (Audited)	2019G (Audited)	2020G (Audited)	December 2019G	December 2020G	
Revenues						
Gross Written Premiums	500,013	529,352	515,117	%5.9	(%2.7)	%1.5
Less: Premiums attributable						
Local	(4,315)	(4,486)	(4,096)	%4.0	(%8.7)	(%2.6)
External	(35,127)	(49,716)	(57,037)	%41.5	%14.7	%27.4
Total	(39,442)	(54,202)	(61,133)	%37.4	%12.8	%24.5
Less: assigned Premiums						
Local	(2,349)	(1,713)	(2,344)	(%27.1)	%36.8	(%0.1)
External	(2,210)	(2,570)	(2,180)	%16.3	(%15.2)	(%0.7)
Total	(4,559)	(4,283)	(4,524)	(%6.1)	%5.6	(%0.4)
Net written premiums	456,012	470,867	449,460	%3.3	(%4.5)	(%0.7)
Change in net unearned premiums	(18,991)	(3,768)	(4,039)	(%80.2)	%7.2	(%53.9)
Net earned premiums	437,021	467,099	445,421	%6.9	(%4.6)	%1.0
Reinsurance Commissions	2,175	3,751	4,112	%72.5	%9.6	%37.5
Other Underwriting income	11,109	2,251	6,260	(%79.7)	%178.1	(%24.9)
Total revenue	450,305	473,101	455,793	%5.1	(%3.7)	%0.6
Less: excess loss Premiums						
Total Claims Paid	346,972	399,682	382,842	%15.2	(%4.2)	%5.0
Less: Reinsurers' share of claims paid	(37,211)	(36,330)	(38,123)	(%2.4)	%4.9	%1.2
Net claims paid	309,761	363,352	344,719	%17.3	(%5.1)	%5.5
Changes in net outstanding claims,	7,634	(7,569)	(10,120)	(%199.1)	%33.7	N/A
Changes in net unreported incurred claims	5,680	5,525	5,333	(%2.7)	(%3.5)	(%3.1)
Changes in Loss Adjusted Expense	1,796	-	-	(100.00%)	-	(%100.0)
Net claims incurred	324,871	361,308	339,932	%11.2	(%5.9)	%2.3
Other technical reserves	(60)	(80)	766	33.3%	(1,057.5%)	N/A
Change in additional deficit premiums	2,020	288	7,207	(%85.7)	2,402.4%	%88.9
Insurance policy acquisition costs	29,621	25,288	30,632	(%14.6)	%21.1	%1.7
Other underwriting expenses	2,868	5,949	5,733	%107.4	(%3.6)	%41.4
Total subscription costs and expenses	359,320	392,753	384,270	%9.3	(%2.2)	%3.4
Net underwriting income	90,985	80,348	71,523	(%11.7)	(%11.0)	(%11.3)
(Expense) / Revenue from other operations						
Derecognize doubtful debts	(7,499)	227	4,354	(103.0%)	1,818.1%	-
General and administrative expenses	(81,254)	(82,197)	(76,591)	%1.2	(%6.8)	(%2.9)
Commission revenues on deposits	5,016	6,174	2,648	%23.1	(%57.1)	(%27.3)
Realized profits from investments	2,137	3,063	2,056	%43.3	(%32.9)	(%1.9)
Investment income	(6,189)	-	-	-	-	-
Other revenues	11	25	12	%127.3	(%52.0)	%4.4
Total Other Operational (Expenses) / income	(87,778)	(72,708)	(67,521)	(%17.2)	(%7.1)	(%12.3)
Total income for the year	3,207	7,640	4,002	%138.2	(%47.6)	%11.7
Zakat charged for the year/period	(5,764)	(5,396)	(4,463)	(%6.4)	(%17.3)	(%12.0)
Total income / (loss) for the year / period after zakat	(2,557)	2,244	(461)	(%187.8)	(%120.5)	(%57.5)
Total income to policyholders of insurance operations	(849)	(525)	(456)	(%38.2)	(%13.1)	(%26.7)
Total period income to shareholders	(3,406)	1,719	(917)	(%150.5)	(%153.3)	(%48.1)

Source: Audited financial statements for the fiscal years 2018G, 2019G and 2020G

Total written premiums increased by 5.9% in 2018G from SAR 500.0 million to SAR 529.4 million in 2019G, due to higher gross motor and general accident Premiums. In contrast, the gross written premiums decreased by 2.7% from 529.4 million Saudi Riyals in 2019G to 515.1 million Saudi Riyals in 2020G, as the decrease was mainly driven by a decrease in the total medical and Motor Premiums.

Assigned reinsurance premiums include internal and external reinsurers. Reinsurance premiums increased by 37.4% from SAR 39.4 million in 2018G to SAR 54.2 million in 2019G. This was mainly as a result of the high rate of reinsurance, specifically for the medical sector and the general accident insurance sector, in addition to other insurance. Assigned reinsurance premiums increased by 12.8% from SAR 54.2 million in 2019G to SAR 61.1 million in 2020G. This was the result of higher reinsurance premiums for other insurance.

The change in net unearned premiums relates to the net change in the portion of unearned written and assigned premiums during this period.

Reinsurers commission relates primarily to commission income earned from reinsurers, where the commission income depends on reinsurance agreements with reinsurers. The reinsurance commission increased by 72.5% in 2018G from SAR 2.2 million to SAR 3.8 million in 2019G. The reinsurance commission continued to increase by 9.6%, from 3.8 million Saudi Riyals in 2019G to 4.1 million Saudi Riyals in 2020G.

Other underwriting income relates to a nominal administrative amount that the Company charges when issuing and renewing insurance policies.

Total paid claims increased by 15.2% from SAR 347.0 million in 2018. to 399.7 million Saudi Riyals in 2019, primarily due to an additional increase in the volume of commercial activities, which were concentrated in the medical and motor insurance sectors. In contrast, the total paid claims decreased by 4.2% from SAR 399.7 million in 2019G to SAR 382.8 million in 2020G. This was primarily a result of lower claims paid within the medical and motor insurance segments.

The Reinsurers share in the total claims paid relates and is determined by the reinsurance arrangements of each insurance segment of the Company. The share of reinsurers in the total paid claims decreased by 2.4% from 37.2 million Saudi Riyals in 2018G to 36.3 million Saudi Riyals in 2019G as a result of the decrease in the reinsurers' share of the claims of the medical and motor insurance sector. Correspondingly, the share of reinsurers in the total paid claims increased by 4.9% from SAR 36.3 million in 2019G to SAR 38.1 million in 2020G, due to the decrease in the reinsurers share related to the motor and general accident insurance sectors.

Expenses incurred in connection with claims are associated with expenses paid to third parties to administer claims raised in the course of business, which increased by 11.2% in 2019G from 324.9 million Saudi Riyals in 2018G to 361.2 million Saudi Riyals in 2019G, due to the high volume of business and the number of claims filed. On the other hand, the value of expenses incurred related to claims decreased by 5.9% during 2020G as a result of the decline in business during the period.

The net change in outstanding claims (after accounting for the provision associated with IBNR) relates to changes in estimated claims incurred but not reported during the period.

The provision for Premium's deficit reserve is associated with a number of assumptions regarding the events of future conditions, as it depends on the expected loss ratio for the unexpired portion of the risks of the policies. To arrive at an estimate of the expected loss ratio, the relationship of claims and premiums expected to be applied on a month-to-month basis and ascertaining at the end of the financial year whether there is a need to form an installment deficiency reserve is taken into consideration by the Company's actuarial expert and the independent actuary.

Other technical provisions mainly include provisions relating to unexpired risks.

Policy acquisition costs primarily represent expenses incurred in acquiring insurance policies and primarily represent commissions paid to selling intermediaries and amortization of deferred management cost. In 2019, the costs of acquiring insurance policies decreased by 14.6% from SAR 29.6 million in 2018. To 25.3 million Saudi Riyals in 2019G. This was driven by lower acquisition costs for motor and medical insurance policies. In contrast,

the costs of acquiring insurance policies increased by 21.1% from SAR 25.3 million in 2019G to SAR 30.6 million in 2020G, mainly as a result of the higher acquisition costs associated with the motor insurance sector.

The provision for impairment of doubtful debts relates to long-dated, uncollectible premiums receivable. The Company recognized a provision of 7.5 million Saudi Riyals in 2018 as a result of creating a provision for value-added tax customers, which the Company paid to the General Authority of Zakat and Income, provided that the Company re-collects it from customers, and due to the difficulty of reaching individual customers, the mentioned provision has been created. The Company reversed the provision for impairment of doubtful debts amounting to 0.2 million Saudi Riyals in 2019G. The provision for impairment of doubtful debts amounting to 4.4 million Saudi Riyals in 2020G was also reversed as a result of the Company recovering the amount of value added tax from the Zakat, Tax and Customs Authority for the amounts that it did not collect from individual customers. The Company deals in insurance and reinsurance contracts only with recognized and creditworthy parties. The Company's policy states that all customers who wish to deal with credit are subject to credit verification procedures. In addition, receivables are monitored on an ongoing basis in order to reduce the Company's exposure to bad debts.

Administrative general expenses mainly consist of personnel costs, rental expenses and marketing expenses, among other expenses. General and administrative expenses decreased by 6.8% from SAR 82.2 million in 2019G to SAR 76.6 million in 2020G, mainly due to management's tendency to reduce expenses. General and administrative expenses did not witness substantial fluctuations between 2018 and 2019G.

Deposit commission income is related to the profit on term deposits. The increase and decrease in these revenues during the covered period were associated with changes in the movement of deposits.

The profits from investments are related to the profits of the Company's investments in listed and unlisted securities and the units owned by the Company in one of the local real estate funds.

Other income mainly comprises of currency exchange differences, other income from customers and miscellaneous other income (including income from penalties). Other income increased by 127.3% from SAR 11,000 in 2018G to SAR 25,000 in 2019G. This was mainly as a result of closing some credit balances in the income statement. Other revenues recorded in the period between 2019G and 2020G included other income from customers and currency exchange differences.

The Company recognized annual zakat expenses of 5.8 million Saudi Riyals, 5.4 million Saudi Riyals, and 4.5 million Saudi Riyals in 2019G and 2020G, respectively.

The Company recognized a total loss after zakat of 2.6 million Saudi Riyals in 2018G, and it turned into a profit of 2.2 million Saudi Riyals in 2019G. On the other hand, the profit turned into a loss of 0.5 million Saudi Riyals in the year 2020G, mainly as a result of the increase in revenues.

The income attributable to insurance operations amounted to 0.8 million Saudi Riyals, 0.5 million Saudi Riyals and 0.5 million Saudi Riyals during the years 2018G, 2019G and 2020G.

Losses attributable to shareholders amounted to 3.4 million Saudi Riyals and 0.9 million Saudi Riyals during the years 2018G and 2020G, respectively. In contrast, income attributable to shareholders amounting to 1.7 million Saudi Riyals was recorded during 2019G.

6.5.1 Gross Written Premiums

The following table indicates the total written premiums for the fiscal years ending on December 31, 2018G, 2019G and 2020G.

Table No. (26): Gross Written Premiums

,000 SAR	Fiscal year ended December 31			Increase/(decrease)		CAGR – 2018G – 2020G
	2018G (Audited)	2019G (Audited)	2020G (Audited)	December 2019G	December 2020G	
Motors	323,683	354,693	339,228	%9.6	(%4.4)	%2.4
Medical	152,751	139,035	126,709	(%9.0)	(%8.9)	(%8.9)
General accidents	9,360	15,902	19,316	%69.9	%21.5	%43.7
Other	14,219	19,722	29,864	%38.7	%51.4	%44.9
Total	500,013	529,352	515,117	%5.9	(%2.7)	%1.5
As a percentage of the total						
Motors	%64.7	%67.0	%65.9			
Medical	%30.5	%26.3	%24.6			
General accidents	%1.9	%3.0	%3.7			
Other	%2.8	%3.7	%5.8			
Total	%100.0	%100.0	%100.0			

Source: Audited financial statements for the fiscal years 2018G, 2019G and 2020G

The written premiums were concentrated in the insurance activity related to Motors, as they constituted 65.9% of the total written premiums during the years 2018G, 2019G and 2020G. Written premiums for motor Motors increased by 9.6% from SAR 323.7 million in 2018. To 354.7 million Saudi Riyals in 2019G. This increase is Assigned to the renewal of existing customers' policies and their continuation of dealing with the Company, in addition to the increase in online sales. In contrast, written Premiums for Motors decreased by 4.4% to 339.2 million on December 31, 2020G. The decline was driven by the extension of the policies for an additional two months, so that the policy period would be 14 months during a certain period, in addition to the Corona pandemic, which led to a decrease in written Premiums.

The written premiums related to medical insurance constituted an average of 27.1% of the total written premiums during the years 2018G, 2019G and 2020G. Written premiums for the medical sector decreased by 9.0% from 152.8 million Saudi Riyals in 2018G to 139.0 million Saudi Riyals in 2019G. This decrease is Assigned to the non-renewal of policies for customers with a high rate of losses by the Company. Written premiums for the medical insurance sector decreased more by 8.9% from 139.0 million Saudi Riyals in 2019G to 126.7 million Saudi Riyals in 2020G, as a result of the suspension of the visitor insurance product during 2020G due to the suspension of international flights, and the renewal of identity for residents is now exempt from the requirement to obtain medical insurance.

The written premiums associated with the General Accident segment mainly consist of medical and general liability insurance products. Written premiums for the general accident insurance sector increased by 69.9% from SAR 9.4 million in 2018G to SAR 15.9 million in 2019G. This is mainly due to the increase in public liability premiums as a result of the new comprehensive public liability accounts booked in 2019, which gave an additional premium of 4.9 million Saudi Riyals compared to 2018G, in addition to an increase related to medical errors business of 1.7 million Saudi Riyals due to the strong marketing of these products. Written premiums for the general accident sector increased by 21.5% to 19.3 in 2020G. This rise was driven by tubular flooring products in Jubail.

Other premiums are mainly related to property, engineering and marine insurance. Other Premiums increased by 38.7% from SAR 14.2 million in 2018G to SAR 19.7 million in 2019G. This was mainly as a result of an increase in property Premiums by SAR 5.3 million in 2019G due to the issuance of policies to new customers during the year. Other Premiums increased by 51.9% to SAR 29.9 million in 2020G. This increase resulted from the Company's acquisition of new accounts during 2020G, most notably Tecnicas Reunidas Saudia for Services & Contracting Co. Ltd. with a value of 4.0 million Saudi

Riyals, Schlumberger Middle East Company and Dowell Schlumberger Company with a value of 1.2 million Saudi Riyals, in addition to the acquisition of new premiums of 0.8 million Saudi Riyals from Several small accounts.

The following table indicates the total written premiums by region for the fiscal years ending on December 31, 2018G, 2019G and 2020G.

Table No. (27): Total Written Premiums by Region

,000 SAR	Fiscal year ended December 31			Increase/(decrease)		
	2018G (Audited)	2019G (Audited)	2020G (Audited)	December 2019G	December 2020G	CAGR – 2018G – 2020G
Western Region	398,038	242,392	232,184	(%39.1)	(%4.2)	(%23.6)
Central Region	58,883	244,251	179,937	%314.8	(%26.3)	%74.8
Eastern Region	11,455	25,920	35,780	%126.3	%38.0	%76.7
Other regions	31,637	16,789	67,216	(%46.9)	%300.4	%45.8
Total	500,013	529,352	515,117	%5.9	(%2.7)	%1.5

Source: Management information

Written premiums were concentrated in the Western Region, where they represented 79.6%, 45.8% and 45.1% of the total written premiums during 2018G, 2019G and 2020G, respectively.

While the Premiums written in the central region constituted 11.8%, 46.1% and 34.9% of the total written premiums during 2018G, 2019G and 2020G, respectively.

6.5.2 Assigned Reinsurance premiums

The following table indicates the assigned reinsurance premiums for the facial years ending on December 31, 2018G, 2019G and 2020G.

Table No. (28): Assigned reinsurance premiums

,000 SAR	Fiscal year ended December 31			Increase/(decrease)		
	2018G (Audited)	2019G (Audited)	2020G (Audited)	December 2019G	December 2020G	CAGR – 2018G – 2020G
Motors	84	-	-	(%100.0)	N/A	(%100.0)
Medical	22,627	28,300	26,432	%25.1	(%6.6)	%8.1
General accidents	4,112	8,456	7,179	%105.6	(%15.1)	%32.1
Other	12,619	17,446	27,522	%38.3	%57.8	%47.7
Total	39,442	54,202	61,133	%37.4	%12.8	%24.5
Percentage of written Premiums (assignment ratio)						
Motors	%0.0	-	-			
Medical	%14.8	%20.4	%20.9			
General accidents	%43.9	%53.2	%37.2			
Other	%88.7	%88.5	%92.2			
Total	%7.9	%10.2	%11.9			

Source: Audited financial statements for the fiscal years 2018G, 2019G and 2020G

The Company reinsures its policies through external reinsurers, most notably: European EIG Limited, Hannover Retakaful, Munich Re, the Pennsylvania State Insurance Company, GIC Dubai and others. The assigned reinsurance premiums were related to the sectors of medical insurance, general accidents and other types of insurance.

The assigned premiums of the medical sector accounted for 57.4%, 52.2% and 43.2% of the total assigned reinsurance premiums in the years 2018G, 2019G and 2020G, respectively. The average assignment ratio to the medical insurance sector was 18.7% during the years 2018G, 2019G and 2020G. The assignment ratio related to the medical sector increased from 14.8% in 2018 to 20.4% in 2019G, due to the increase in reinsurance premiums from 20% to 30% for reinsurance agreements. The assignment ratio for medical insurance did not witness significant fluctuations between 2019G and 2020G.

While the assigned premiums for general accidents constituted 10.4%, 15.6% and 11.7% of the total assigned reinsurance premiums in the years 2018G, 2019G and 2020G, respectively. The average assignment ratio to the general accident insurance sector was 44.8% during the years 2018G, 2019G and 2020G.

While the assigned premiums of other types of insurance (mainly property and engineering insurance) accounted for 32.0%, 32.2% and 45.0% of the total assigned reinsurance premiums in the years 2018G, 2019G and 2020G, respectively. The assignment ratio was relatively higher for other types of insurance, as the average assignment ratio was 89.8% during the years 2018G, 2019G and 2020G.

6.5.3 Net Written Premiums

The following table indicates the net written premiums for the fiscal years ending on December 31, 2018G, 2019G and 2020G.

Table No. (29): Net Written Premiums

,000 SAR	Fiscal year ended December 31			Increase/(decrease)		CAGR – 2018G – 2020G
	2018G (Audited)	2019G (Audited)	2020G (Audited)	December 2019G	December 2020G	
Motors	320,327	351,535	335,542	%9.7	(%4.5)	%2.3
Medical	130,124	110,735	100,277	(%14.9)	(%9.4)	(%12.2)
General accidents	4,313	6,895	11,762	%59.9	%70.6	%65.1
Other	1,248	1,702	1,879	%36.4	%10.4	%22.7
Total	456,012	470,867	449,460	%3.3	(%4.5)	(%0.7)
As a percentage of gross written premiums (retention ratio)						
Motors	%99.0	%99.1	%98.9			
Medical	%85.2	%79.6	%79.1			
General accidents	%46.1	%43.4	%60.9			
Other	%8.8	%8.6	%6.3			
Total	%91.2	%89.0	%87.3			

Source: Audited financial statements for the fiscal years 2018G, 2019G and 2020G

Net written premiums related to motor insurance increased by 9.7% from SAR 320.7 million in 2018G to SAR 351.5 million in 2019G, due to the increase in written premiums. On the other hand, the net written premiums for motor Motors decreased by 4.5% from SAR 351.5 million in 2019G to SAR 335.5 million in 2020G. This decrease is due to the extension of the policies for an additional two months, so that the duration of the policy is 14 months during a certain period, in addition to the Corona pandemic.

As for the net written premiums within the medical insurance sector, the net written premiums for the medical insurance sector decreased by 14.9% from 130.1 million Saudi Riyals in 2018G to 110.7 million Saudi Riyals in 2019G, due to a decrease in the total written premiums of medical insurance and an increase in the assignment ratio from 20% to 30% in 2019G. The net written premiums for the medical insurance sector decreased more by 9.4% from 110.7 million Saudi Riyals 2019G to 100.3 million Saudi Riyals in 2020G. This resulted due to the decrease in the automatic renewal of residency during the pandemic, which affected the net written premiums, as well as the Company's tendency not to renew the policies in the event of non-collection of the expired policies.

The net written premiums for general accidents increased by 59.9% from SAR 4.3 million in 2018G to SAR 6.9 million in 2019G. This is mainly due to the new comprehensive general liability accounts booked in 2019G, which gave an additional premium of 4.9 million Saudi Riyals compared to 2018G, in addition to an increase related to medical errors business amounting to 1.7 million Saudi Riyals due to the strong marketing of these products. The net written premiums for the general accidents sector continued to increase by 70.6% from 6.9 million SAR in 2019G to 11.8 million SAR in 2020G, due to an increase in written premiums for medical errors.

Net written premiums for other types of insurance increased by 36.4% from SAR 1.2 million in 2018G to SAR 1.7 million in 2019G. This rise was driven by the issuance of new policies for a property insurance product. The net other Premiums also increased by 10.4% from 1.7 million Saudi Riyals in 2019G to 1.9 million Saudi Riyals in 2020G, due to higher sales of fire and marine insurance.

6.5.4 Change in Net Unearned Premiums

Changes in net unearned premiums represent the difference in written (recorded) premiums and earned premiums during each year/period. It relates to the net movement in the share of unearned premiums assigned during the year/period.

6.5.5 Net Earned Premiums

The following table indicates the Net Earned Premiums for the fiscal years ending on December 31, 2018G and 2019G.

Table No. (30): Net earned premiums

,000 SAR	Fiscal year ended December 31			Increase/(decrease)		
	2018G (Audited)	2019G (Audited)	2020G (Audited)	December 2019G	December 2020G	CAGR – 2018G – 2020G
Motors	309,415	338,813	340,293	%9.5	%0.4	%4.9
Medical	117,464	117,948	93,611	%0.4	(%20.6)	(%10.7)
General accidents	8,993	9,024	9,498	%0.3	%5.3	%2.8
Other	1,149	1,314	2,019	%14.4	%53.7	%32.6
Total	437,021	467,099	445,421	%6.9	(%4.6)	%1.0
As a percentage of the Total						
Motors	%70.8	%72.5	%76.4			
Medical	%26.9	%25.3	%21.0			
General accidents	%2.1	%1.9	%2.1			
Other	%0.3	%0.3	%0.5			
Total	%100.0	%100.0	%100.0			

Source: Audited financial statements for the fiscal years 2018G, 2019G and 2020G

The Net Earned Premiums were concentrated in the motor insurance sector, followed by the medical and general accident insurance sectors.

The Premiums earned for the Motor insurance sector constituted 70.8%, 72.5% and 76.4% of the total Net Earned Premiums in 2018G, 2019G and 2020G, respectively. This is mainly due to the Company maintaining a high percentage of the written premiums of the Motor insurance policies compared to other sectors.

Earned premiums increased by 6.9% from SAR 437.0 million in 2018G to SAR 467.1 million in 2019G. The increase in premiums was mainly driven by the increase in premiums in the Motors and medical insurance sectors due to the application of different prices for different geographical areas, which led to an increase in sales in some areas that enjoy a low rate of losses due to the Company's ability to compete in these areas due to the provision of Premiums at competitive prices. In contrast, earned premiums decreased by 4.6% from 467.1 in 2019G to 445.4 million Saudi Riyals in 2020G. The decline was concentrated in the medical insurance sector, driven by the non-renewal of some customers to increase the rate of losses and the non-collection of previous premiums.

6.5.6 Commission earned on reinsurance

The Company earns income from reinsurance commission from reinsurance policies with other reinsurance companies.

The reinsurance commission increased by 72.5% from SAR 2.2 million in 2018G to SAR 3.8 million in 2019G. This was driven by the rise in reinsurance premiums, especially medical insurance. The reinsurance commission recorded an increase of 9.6% from SAR 3.8 million in 2019G to SAR 4.1 million in 2020G. The mentioned rise was affected by the receipt of a high commission in the optional insurance.

6.5.7 Other Underwriting Income

Other underwriting income is related to an amount the Company charges for each insurance policy entered into (25 riyals per policy charged as administrative income). The movement of this revenue is in line with the fluctuation in the number of new policies being issued during the year or period.

6.5.8 Total Claims Paid

The following table indicates the total claims paid for the fiscal years ending on December 31, 2018G, 2019G and 2020G.

Table No. (31): Total Paid Claims

,000 SAR	Fiscal year ended December 31			Increase/(decrease)		
	2018G (Audited)	2019G (Audited)	2020G (Audited)	December 2019G	December 2020G	CAGR – 2018G – 2020G
Motors	225,217	263,258	256,486	%16.9	(%2.6)	%6.7
Medical	120,571	132,301	123,282	%9.7	(%6.8)	%1.1
General accidents	573	3,430	2,415	%498.6	(%29.6)	%105.3
Other	611	693	659	%13.4	(%4.9)	%3.9
Total	346,972	399,682	382,842	%15.2	(%4.2)	%5.0
As a percentage of written premiums						
Motors	%69.6	%74.2	%75.6			
Medical	%78.9	%95.2	%97.3			
General accidents	%6.1	%21.6	%12.5			
Other	%4.3	%3.5	%2.2			
Total	%69.4	%75.5	%74.3			

Source: Audited financial statements for the fiscal years 2018G, 2019G and 2020G

Net paid claims increased by 15.2% from SAR 347.0 million in 2018G to SAR 399.7 million in 2019G. The rise was driven by the increase in claims related to the medical and motor insurance sectors due to the increase in premiums earned in addition to the increase in the total insured motors as well as the increase in medical insurance for companies, which in turn led to an increase in medical claims.

In contrast, net claims paid decreased by 4.2% in 2019G from SAR 399.6 million to SAR 382.8 million in 2020G. The decline was concentrated in the medical and Motor insurance sector, affected by the Corona pandemic, where the imposition of a curfew led to a decrease in accidents and thus paid claims, and the insurance beneficiaries did not go to hospitals except for the utmost necessity in line with the precautionary measures, and thus also this led to a decrease in paid claims.

6.5.9 Reinsurers' share of paid claims

The following table indicates the share of reinsurers from the paid claims for the fiscal years ending on December 31, 2018G, 2019G and 2020G.

Table No.(32): Reinsurers' share of paid claims

,000 SAR	Fiscal year ended December 31			Increase/(decrease)		
	2018G (Audited)	2019G (Audited)	2020G (Audited)	December 2019G	December 2020G	CAGR – 2018G – 2020G
Motors	3,804	2,594	1,630	(%31.8)	(%37.2)	(%34.5)
Medical	32,889	31,371	35,504	(%4.6)	%13.2	%3.9
General accidents	30	1,829	613	5,966.7%	(%66.5)	%352.0
Other	488	536	376	%9.8	(%29.9)	(%12.2)
Total	37,211	36,330	38,123	(%2.4)	%4.9	%1.2
As a percentage of paid claims						
Motors	%1.7	%1.0	%0.6			
Medical	%27.3	%23.7	%28.8			
General accidents	%5.2	%53.3	%25.4			
Other	%79.9	%77.3	%57.1			
Total	%10.7	%9.1	%10.0			

Source: Audited financial statements for the fiscal years 2018G, 2019G and 2020G

The share of reinsurers decreased by 2.4% from SAR 37.2 million in 2018G to SAR 36.3 million in 2019G, as the decrease in the share of reinsurers in the claims of the medical insurance sector by 4.6% and motor insurance by 31.8% was the main factor behind this decline, which resulted from a decrease in the share of Reinsurance increased from 30% to 20% during 2018G, in addition to settling some medical insurance claims related to 2018 during 2019G. As for Motor insurance, the number of outstanding claims was lower in 2018 due to the decrease in recoveries during the year.

In contrast, the share of reinsurers in the total paid claims increased by 4.9% from SAR 36.3 million in 2019G to SAR 38.1 million in 2020G. The share of reinsurers related to the Motors sector decreased by 37.2% due to the decrease in accidents, in addition to a decrease in the share of reinsurers related to the general accidents sector by 66.5% due to the decrease in claims.

6.5.10 Net claims incurred

The following table indicates the net claims and other benefits incurred for the facial years ending on December 31, 2018G, 2019G and 2020G.

Table No. (33): Net Claims Incurred

,000 SAR	Fiscal year ended December 31			Increase/(decrease)		
	2018G (Audited)	2019G (Audited)	2020G (Audited)	December 2019G	December 2020G	CAGR – 2018G – 2020G
Motors	222,574	259,190	246,124	%16.5	(5.2%)	5.1%
Medical	100,695	99,366	89,835	(%1.3)	(9.8%)	(5.6%)
General accidents	1,438	2,583	4,530	80.8%	69.4%	75.0%
Other	164	89	210	(35.4%)	95.3%	12.3%
Total	324,871	361,228	340,699	%11.2	(5.9%)	2.3%
Loss ratio						
Motors	%71.9	%76.5	72.2%			
Medical	%85.7	%84.2	96.8%			
General accidents	%16.0	28.8%	46.4%			
Other	%14.3	8.1%	10.3%			
Total	%74.3	77.4%	76.3%			

Source: Audited financial statements for the fiscal years 2018G, 2019G and 2020G

Changes in net claims incurred reflect the combined effect of trends in total claims paid and reinsurers' share of total claims paid, as well as changes in claims outstanding and changes in other reserves.

The loss rate was concentrated in the medical and motor insurance sectors during the years 2018G, 2019G and 2020G

The loss rate for the motor insurance sector increased from 71.9% in 2018 to 76.5% in 2019G. This was driven by higher claims incurred during the year. While the loss rate for the Motor insurance sector decreased to 72.2% in 2020G, due to the decrease in claims incurred during the period due to the Corona pandemic.

The loss rate related to the medical insurance sector increased from 84.2% in 2019G to 95.8% in 2020G after the increase in the volume of claims paid for this sector during the period. The rate of loss related to the medical insurance sector did not witness any significant fluctuations between 2018 and 2019G.

6.5.11 Other technical reserves

These provisions relate mainly to the reserves of unexpired risks, which are amounts allocated at the end of the financial period to meet the obligations that may arise after the end of such period for insurance contracts issued prior to that date, as they fluctuate in the course of the normal employment contract. The movement of other provisions is affected by several factors, including the overall performance of the insurance portfolio and the volatility of the overall level and volume of operations of the Company.

6.5.12 Changes in Premium deficiency reserves

Changes in the deficiency of the premium deficiency reserve were associated with a number of assumptions regarding future events and conditions, as it depends on the expected loss ratio for the unexpired portion of the risks of the policies. To arrive at an estimate of the expected loss ratio, the Company's actuarial expert and the independent actuary take into account the relationship of claims and premiums that are expected to be applied on a month-to-month basis and to ascertain at the end of the fiscal year whether there is a need to form an installment deficit reserve.

6.5.13 Policy acquisition costs

The following table indicates the costs of purchasing insurance policies for the fiscal years ending on December 31, 2018G, 2019G and 2020G.

Table No. (34): Policy acquisition costs

,000 SAR	Fiscal year ended December 31			Increase/(decrease)		
	2018G (Audited)	2019G (Audited)	2020G (Audited)	December 2019G	December 2020G	CAGR – 2018G – 2020G
Motors	16,592	13,388	20,173	(%19.3)	%50.7	%10.3
Medical	11,404	9,736	8,335	(%14.6)	(%14.4)	(%14.5)
General accidents	878	893	756	%1.7	(%15.3)	(%7.2)
Other	747	1,271	1,368	%70.1	%7.6	%35.3
Total	29,621	25,288	30,632	(%14.6)	%21.1	%1.7
As a percentage of the total						
Motors	%56.0	%52.9	%65.9			
Medical	%38.5	%38.5	%27.2			
General accidents	%3.0	%3.5	%2.5			
Other	%2.5	%5.0	%4.5			
Total	%100.0	%100.0	%100.0			

Source: Audited financial statements for the fiscal years 2018G, 2019G and 2020G

Policy acquisition costs primarily relate to expenses incurred in obtaining insurance policies and primarily represent commissions paid to selling intermediaries and amortization of deferred management cost.

The costs of purchasing insurance policies decreased by 14.6% in 2018 from SAR 29.6 million to 25.3 million Saudi Riyals in 2019G, where the key factor was the decrease in the costs of purchasing insurance policies in the motor insurance sector by 19.3% and the medical insurance sector by 14.6% due to the decrease in the retail sales commission.

Correspondingly, the costs of purchasing insurance policies increased by 21.1% in 2019G from SAR 25.3 million to SAR 30.6 million in 2020G, due to the increase in banking expenses due to the increase in electronic sales.

6.5.14 Other Underwriting Expenses

Other underwriting expenses mainly represent Najm and El-Elm fees and charges for providing services. Other underwriting expenses increased by 107.4% from SAR 2.9 million in 2018G to SAR 5.9 million in 2019G. The rise was mainly influenced by the Company's use of some new services from Najm Company. On the other hand, other underwriting expenses decreased by 3.6% from SAR 5.9 million in 2019G to SAR 5.7 million in 2020G, as a result of the decrease in the insured motors in Najm Company.

6.5.15 Doubtful Debts Provision / (Derecognition)

The provision for impairment of doubtful debts relates to long-dated, uncollectible premiums receivable. The Company recognized a provision of 7.5 million Saudi Riyals in 2018G, as a result of creating a provision for value-added tax customers, which the Company paid to the General Authority of Zakat and Income, provided that the Company re-collects it from customers, and due to the difficulty of reaching individual customers, the mentioned provision has been created. The Company reversed the provision for impairment of doubtful debts amounting to 0.2 million Saudi Riyals in 2019G. The provision for impairment of doubtful debts amounting to 4.4 million Saudi Riyals in 2020G was also reversed as a result of the Company recovering the amount of value added tax from the Zakat, Tax and Customs Authority for the amounts that it did not collect from individual customers. The Company deals in insurance and reinsurance contracts only with recognized and creditworthy parties. The Company's policy provides for the subjection of all customers who wish to deal with credit through credit verification procedures. In addition, receivables are monitored on an ongoing basis in order to reduce the Company's exposure to bad debts.

6.5.16 General and administrative expenses

The following table indicates the general and administrative expenses for the fiscal years ending on December 31, 2018G, 2019G and 2020G.

Table No. (35): General and administrative expenses

,000 SAR	Fiscal year ended December 31			Increase/(decrease)		CAGR – 2018G – 2020G
	2018G (Audited)	2019G (Audited)	2020G (Audited)	December 2019G	December 2020G	
Staff cost	49,340	48,424	47,732	(%1.9)	(%1.4)	(%1.6)
Advertisement	9,043	10,461	9,978	%15.7	(%4.6)	%5.0
Depreciation and amortization	2,574	5,174	4,379	%101.0	(%15.4)	%30.4
Professional and legal fees	1,310	1,308	2,429	(%0.2)	%85.7	%36.2
Office expenses	2,721	2,473	2,215	(%9.1)	(%10.4)	(%9.8)
Board Members Remuneration	1,460	1,460	1,863	-	%27.6	%13.0
Rent office	4,939	2,547	-	(%48.4)	(%100.0)	(%100.0)
Travel	2,104	951	481	(%54.8)	(%49.4)	(%52.2)
Other	7,119	8,595	6,639	%20.7	(%22.8)	(%3.4)
Legal Audit	343	466	584	%35.9	%25.3	%30.5
Transfer of shares – Trading expenses	258	259	259	%0.4	-	%0.2
General assembly expenses	43	79	32	%83.7	(%59.5)	(%13.7)
Total general and administrative expenses	81,254	82,197	76,591	%1.2	(%6.8)	(%2.9)

Source: Audited financial statements for the fiscal years 2018G, 2019G and 2020G and management information

Staff cost accounted for 60.7%, 58.9% and 62.3% of the total general and administrative expenses during the years 2018G, 2019G and 2020G, respectively, and did not experience significant fluctuations between 2018 and 2019G and 2019G and 2020G.

Advertisement expenses were associated with expenses related to points of sale and marketing information systems. Marketing expenses increased by 15.7% from SAR 9.0 million in 2018G to SAR 10.5 million in 2019G. This was the result of advertising for the Company via the Internet during 2019G. Marketing expenses decreased by 4.6%, from 10.5 million Saudi Riyals in 2019G to 10.0 million Saudi Riyals in 2020G. This decrease is due primarily to the Company's policy of reducing its expenses due to the Coronavirus pandemic.

Depreciation and amortization relate to the fixed and intangible assets of a Company. Depreciation and amortization expense increased by 101.0% from SAR 2.6 million in 2018G to SAR 5.2 million in 2019G. This increase was mainly driven by the amortization of intangible assets related to new software. On the other hand, depreciation and amortization expense decreased by 15.4% from SAR 5.2 million in 2020G to SAR 4.4 million in 2020G. This is mainly because most of the assets are fully depreciated and still in service.

Professional and statutory fees were mainly related to auditors' fees and actuarial valuation fees. These expenses increased by 85.7% from SAR 1.3 million in 2019G to SAR 2.4 million in 2020G. This was driven by an increase in the actuarial and technical services expenses of SAR 1.0 million, in addition to the tax advisor's commission fees resulting from recovering amounts from the General Authority of Zakat and Income. Professional and legal expenses did not witness significant fluctuations between 2018 and 2019G.

Office expenses primarily included Company maintenance and repairs and hospitality expenses. Office expenses decreased by 9.1% from SAR 2.7 million in 2018G to SAR 2.5 million in 2019G, due to the adoption of a policy of reducing the consumption of expenses by the senior management. The office expenses continued and decreased by 10.4% from SAR 2.5 million in 2019G to SAR 2.2 million in 2020G, due to the generally decrease in office expenses as a result of the COVID-19 pandemic.

Board members' Remuneration increased by 27.6% from SAR 1.5 million in 2019G to SAR 1.9 million in 2020G. This increase is due to the General Assembly's approval of remuneration for committee members, which did not exist before. There was no change in the remuneration of board members between 2018 and 2019G.

The rental expenses included the rents of the head office and the Company's branches in addition to the points of sale. Rental expenses decreased by 48.4% from SAR 4.9 million in 2018G to SAR 2.5 million in 2019G, due to the amendments resulting from the application of IFRS 16. Rental expenses decreased by 100.0% from SAR 2.5 million in 2019G to SAR 0.0 million in 2020G. This was primarily driven by rent cuts by landlords due to the Coronavirus pandemic.

Travel expenses were related to work missions carried out by the Company's employees for meetings and attending workshops in government agencies, as well as inspection visits by supervisory authorities or executive authorities. Travel expenses decreased by 54.8% from SAR 2.1 million in 2018G to SAR 1.0 million in 2019G, as a result of the management's implementation of the travel expense reduction policy. Travel expenses decreased by 49.4% from SAR 1.0 million in 2019G to SAR 0.6 million in 2020G, due to the decrease in travel costs recorded during the period as a result of the Coronavirus pandemic.

Other expenses included bank charges, irregular labor charges, government fees and investment portfolio fees. Other expenses increased by 20.7% from SAR 7.1 million in 2018G to SAR 8.6 million in 2019G, due to the fine imposed by the Zakat, Tax and Customs Authority and related to withholding taxes. Other expenses decreased by 22.8% from SAR 8.6 million in 2019G to SAR 6.6 million in 2020G, as a result of the decrease in supervision fees of SAMA and the Council of Health Insurance in addition to the decrease in banking expenses and other miscellaneous expenses.

Audit expense refers to audit and review fees by auditors, and the fluctuations in audit expenses during the period were due to a change in the auditors charged with auditing the Company's accounts.

Tadawul expense refers to the fees to be paid for Tadawul, and this expense did not experience significant fluctuations between the years 2018 and 2020G.

While the Assembly Attendance Allowance increased by 83.7% from 43.0 thousand Saudi Riyals in 2018G to 79.0 thousand Saudi Riyals in 2019G, due to the increase in the number of meetings during 2019G. The allowance for attending the association decreased by 59.5% from 79.0 thousand Saudi Riyals in 2019G to 32.0 thousand Saudi Riyals in 2020G, as a result of the decrease in the number of assemblies held, in addition to the CMA's circulation of the attendance of assemblies remotely, and consequently the decrease in costs related to the attendance of members.

6.5.17 Commission income on term deposits

Commission income on deposits increased by 23.1% from SAR 5.0 million in 2018G to SAR 6.2 million in 2019G. The increase was due to the increase in the value of deposits between December 31, 2018 and December 31, 2019G.

In contrast, commission income on deposits decreased by 57.1% in 2020G from SAR 6.2 million in 2019G to SAR 2.7 million in 2020G. The decrease is due to the deposits held.

6.5.18 Realized profits on available-for-sale investments

The profits from the investments are related to the profits of the Company's investments in listed and unlisted securities and the units owned by the Company in one of the local real estate funds. The movement of these profits fluctuates according to the volume of investment income and the timing of dividend distribution.

Profits from investments increased by 43.3% from SAR 2.1 million in 2018G to SAR 3.1 million in 2019G. This increase resulted from changes in returns. While the Company recognized a decrease in the total profits realized from investments by 32.9% from 3.1 million Saudi Riyals in 2019G to 2.1 million Saudi Riyals in 2020G.

6.5.19 Investment Income

Investment income on debt instruments classified under available-for-sale investments and Murabaha deposits is calculated on the basis of effective interest. A loss from investment was recorded in the amount of SAR 6.2 million in 2018 due to the formation of a provision for impairment in the value of the investment. While the Company did not record any income or loss in the years 2019G and 2020G

6.5.20 Other income

The following table indicates the other revenues for the fiscal years ending on December 31, 2018G, 2019G and 2020

Table No. (36): Other income

,000 SAR	Fiscal year ended December 31			Increase/(decrease)		
	2018G (Audited)	2019G (Audited)	2020G (Audited)	December 2019G	December 2020G	CAGR – 2018G – 2020G
Currency exchange differences	9	11	11	%22.2	-	%10.6
Other income from customers	-	14	-	N/A	(%100.0)	N/A
Miscellaneous income	1	-	1	(%100.0)	N/A	-
Other income from point of sale	1	-	-	(%100.0)	N/A	(%100.0)
Total	11	25	12	%127.3	(%52.0)	%4.4

Source: Audited financial statements for the fiscal years 2018G, 2019G and 2020G and management information

Other income mainly comprises of currency exchange differences, other income from customers and miscellaneous other income (including income from penalties). Other income increased by 127.3% from SAR 11,000 in 2018G to SAR 25,000 in 2019G, mainly as a result of closing credit balances in revenues. Other revenues recorded in the period between 2019G and 2020G included other income from customers and currency exchange differences.

6.5.21 Gross income for the year before zakat

The Company recognized total income for the year before zakat with a value before distribution of 3.2 million Saudi Riyals in 2018G, and the Company continued to record profits of 7.6 million Saudi Riyals and 4.2 million Saudi Riyals in 2019G and 2020G, respectively. The increase and decrease in the profit between the years was affected by the increase in the Company's total revenues during 2019G and affected by the decrease in the Company's total revenues during the 2020G.

6.5.22 Zakat expense for the year

Zakat and income tax returns have been submitted to the Zakat, Tax and Customs Authority ("the Authority") for the years ending on December 31, 2019G. The final certificate was received from the Authority for the year ending on December 31, 2008. The Authority provided an additional assessment regarding the returns submitted for the years ending on December 31, 2008, 2009 and 2010, amounting to 89.1 million Saudi Riyals paid. The main difference in the additional estimate relates to not allowing a portion of the pre-incorporation expenses and withholding tax. The Company submitted an objection to this additional assessment to the Primary Tax Objection Committee after the end of the year, as a decision was received to the contrary from the Primary Tax Objection Committee, upon which the Company appealed to the Supreme Committee for objections. The Supreme Objections Committee issued its decision in favor of the Company regarding Zakat and dismissed the grievance related to withholding tax. The Company referred the matter to the Board of Grievances. In this regard, the Company paid the amount of tax 27.1 million Saudi Riyals, and submitted an objection to the unfavorable assessment submitted by the Zakat, Tax and Customs Authority for the years from December 31, 2013 to 2010, amounting to 98.4 million Saudi Riyals. The objection is currently under study by the Zakat, Tax and Customs Authority.

6.5.23 Total income / (loss) for the year / period after zakat

The Company recognized a total income after zakat of 2.2 million Saudi Riyals in 2019G. On the other hand, a loss of 2.6 million Saudi Riyals and 0.5 million Saudi Riyals was recorded during 2018 and 2020G.

6.5.24 Shareholders' Operations List

The following table indicates the list of shareholders' operations for the fiscal years ending on December 31, 2018G, 2019G and 2020

Table No. (37): List of Shareholders' Operations

,000 SAR	Fiscal year ended December 31			Increase/(decrease)		CAGR
	2018G (Audited)	2019G (Audited)	2020G (Audited)	December 2019G	December 2020G	2018G 2020G
Total income for the year after zakat	3,207	2,244	(461)	(30.0%)	(%120.5)	N/A
Other comprehensive income:						
Items that will not be reclassified to the statement of comprehensive income in the coming years						
Actuarial profits/(losses) on defined benefit obligations	(360)	(471)	(233)	%30.8	(%50.5)	(%19.5)
Items to be reclassified to the statement of comprehensive income in the coming years						
Decrease in the value of investments available for sale	<u>6,189</u>	-	-	(100.0%)	-	-
Net change in fair value	(2,709)	4,732	3,153	(%274.7)	(%33.4)	N/A
Total other comprehensive income for the year/period	6,327	6,505	2,459	2.8%	(%62.2)	(37.7%)
Total other comprehensive income attributable to policyholders of insurance operations	(489)	(54)	(223)	(93.6%)	313.0%	(48.7%)
Total other comprehensive income attributable to shareholders	(6,115)	6,451	2,236	17.8%	(65.3%)	(36.1%)

Source: Audited financial statements for the fiscal years 2018G, 2019G and 2020G

The list of shareholders' operations mainly included the shareholders' share of the results recorded by the Company between 2018 and 2020G.

Items that were classified under other comprehensive income included actuarial profits on defined benefit obligations and the net change in fair value.

6.6 Statement of Financial condition

The following table indicates the details of the statement of financial condition as of December 31, 2018G, 2019G and 2020G.

Table No. (38): Statement of Financial condition

,000 SAR	Fiscal year ended December 31			Increase/(decrease)		
	2018G (Audited)	2019G (Audited)	2020G (Audited)	December 2019G	December 2020G	CAGR – 2018G – 2020G
Total assets	552,216	562,830	607,410	%1.9	%7.9	%3.5
Total liabilities	414,568	419,202	461,779	%1.1	%10.2	%4.0
Total Shareholders' Equity	137,648	143,628	145,631	%4.3	%1.4	%2.1
Total liabilities and shareholders' equity	552,216	562,830	607,410	%1.9	%7.9	%3.5

Source: Audited financial statements for the fiscal years 2018G, 2019G and 2020G

Assets mainly represented cash and cash equivalents, term deposits, Premiums and reinsurance receivables, net. These assets constituted 67.9%, 64.0% and 60.2% of the total assets as on December 31, 2018G, 2019G and 2020G, respectively.

Assets increased by 7.9% from SAR 562.8 million as on December 31, 2019G to SAR 607.0 million as on December 31, 2020G. This increase is mainly due to the increase in cash and cash equivalents balances, premium receivables, reinsurance receivables, deferred insurance policy acquisition costs and expenses Prepaid and other debit balances, which partially offset the decline in term deposits. The assets did not witness any material fluctuations between December 31, 2018 and December 31, 2019G.

Liabilities mainly represented unearned Premiums in addition to claims incurred but not reported. These liabilities constituted 74.2%, 75.4% and 72.1% of the total liabilities as on December 31, 2018G, 2019G and 2020G, respectively.

Liabilities increased by 10.2% from 419.2 million Saudi Riyals as on December 31, 2019G to 461.8 million Saudi Riyals as on December 31, 2020G, and this increase was mainly driven by the increase in unearned premium balances, policyholders' claims and claims incurred and unreported. The liabilities did not witness any material changes between December 31, 2018 and December 31, 2019G.

Shareholders' equity represented mainly from the Company's capital. Shareholders' equity increased by 4.3% from SAR 137.7 million in 2018G to SAR 143.6 million as on December 31, 2019G. This increase is Assigned to the positive change in the fair value reserve for available-for-sale investments in addition to the decrease in accumulated losses. Shareholders' equity did not witness significant changes between December 31, 2019G and December 31, 2020G.

6.6.1 Assets

The following table indicates the details of the assets as of December 31, 2018G, 2019G and 2020G.

Table No. (39): Assets

,000 SAR	Fiscal year ended December 31			Increase/(decrease)		CAGR – 2018G – 2020G
	2018G (Audited)	2019G (Audited)	2020G (Audited)	December 2019G	December 2020G	
Cash and cash equivalent	93,495	77,479	147,976	(%17.1)	%91.0	25.8%
Term Deposits	187,239	194,583	119,331	%3.9	(%38.7)	(20.2%)
Premiums and reinsurance receivables - net	93,978	88,140	98,638	(%6.2)	%11.9	2.4%
Reinsurers' share of unearned premiums	22,738	21,323	27,393	(%6.2)	%28.5	9.8%
Reinsurance shares of outstanding claims	10,543	9,718	11,908	(%7.8)	%22.5	6.3%
Reinsurers' share of incurred but not reported claims	6,004	6,597	8,020	%9.9	%21.6	15.6%
Deferred insurance policy acquisition costs	12,050	14,157	31,659	%17.5	%123.6	62.1%
Owed by a related party	2,391	1,760	1,985	(%26.4)	%12.8	(8.9%)
Property and Equipment - net	5,445	3,598	5,314	(%33.9)	%47.7	(1.2%)
Intangible assets	4,564	5,008	4,751	%9.7	(%5.1)	2.0%
Right to use an asset - net	-	7,227	5,222	N/A	(%27.7)	N/A
Investments available for sale	57,734	51,106	49,259	(%11.5)	(%3.6)	(7.6%)
Prepaid expenses and other debit balances	34,649	50,481	64,160	%45.7	%27.1	36.1%
Commission due from statutory deposit	1,386	1,653	1,794	%19.3	%8.5	13.8%
Statutory deposit	20,000	30,000	30,000	%50.0	-	22.5%
Total	552,216	562,830	607,410	%1.9	%7.9	4.9%

Source: Audited financial statements for the fiscal years 2018G, 2019G and 2020G

Cash and cash equivalents accounted for 16.9%, 13.8% and 24.4% of the total assets as on December 31, 2018G, 2019G and 2020G, respectively.

While Term Deposits constituted 33.9%, 34.6% and 19.6% of the total assets as on December 31, 2018G, 2019G and 2020G, respectively.

Moreover, premiums and reinsurance receivables accounted for 17.0%, 15.7% and 16.2% of the total assets as on December 31, 2018G, 2019G and 2020G, respectively.

Total assets did not witness material changes between December 31, 2018 and December 31, 2019G.

Assets increased by 7.9% from SAR 562.8 million as on December 31, 2019G to SAR 607.4 million as on December 31, 2020G. This increase is mainly due to an increase in cash and cash equivalents balances as a result of converting term deposits to cash and cash equivalents, a rise in insurance and reinsurance premiums receivable due to an increase in corporate sales, and an increase in the costs of underwriting deferred insurance policies paid with additional new fees by Najm Company. That rise was partly a decrease in term deposits.

6.6.1.1 Cash and cash equivalent

The following table indicates the cash and cash equivalents as on December 31, 2018G, 2019G and 2020G.

Table No. (40): Cash and cash equivalent

	Fiscal year ended December 31			Increase/(decrease)		
,000 SAR	2018G (Audited)	2019G (Audited)	2020G (Audited)	December 2019G	December 2020G	CAGR – 2018G – 2020G
Insurance Operations						
Cash on hand and at banks	83,409	65,320	53,559	(%21.7)	(%18.0)	(19.9%)
Deposits due in less than three months	-	-	19,166	N/A	N/A	N/A
Total insurance operations	83,409	65,320	72,725	(%21.7)	%11.3	(6.6%)
Shareholder Operations						
Cash on hand and at banks	10,086	12,159	14,201	%20.6	%16.8	18.7%
Deposits due in less than three months	-	-	61,050	N/A	N/A	N/A
Total insurance operations	10,086	12,159	75,251	%20.6	%518.9	173.1%
Total	93,495	77,479	147,976	(%17.1)	%91.0	25.8%

Source: Audited financial statements for the fiscal years 2018G, 2019G and 2020G

Cash and cash equivalents consist of cash in hand, cash with banks, and short-term deposits due within three months or less from the date of their acquisition.

Total cash and cash equivalents decreased by 17.1% from SAR 93.5 million as of December 31, 2018G to SAR 77.5 million as of December 31, 2019G, due to the decrease in the cash balance in the Fund and at banks related to insurance operations, which was driven by the increase in term deposits and the decrease in creditors.

On the other hand, the balance of cash and cash equivalents increased by 91.0% to 148.0 million Saudi Riyals as on December 31, 2020G, due to deposit balances due in less than three months with insurance operations and shareholders, amounting to 61.1 million Saudi Riyals as of December 31, 2020G.

6.6.1.2 Term Deposits

The following table indicates term deposits as of December 31, 2018G, 2019G and 2020G.

Table No. (41): Term Deposits

,000 SAR	Fiscal year ended December 31			Increase/(decrease)		CAGR – 2018G – 2020G
	2018G (Audited)	2019G (Audited)	2020G (Audited)	December 2019G	December 2020G	
Insurance Operations	138,256	138,920	119,331	%0.5	(%14.1)	(7.1%)
Shareholder Operations	48,983	55,663	-	%13.6	(%100.0)	(%100.0)
Total Term Deposits	187,239	194,583	119,331	%3.9	(%38.7)	(20.2%)

Source: Audited financial statements for the fiscal years 2018G, 2019G and 2020G

Term deposits with commercial banks are kept in Saudi Riyals, and have a maturity period ranging from more than three months to less than twelve months. Term deposits were recorded at their fair value as of December 31, 2018G, 2019G and 2020G.

6.6.1.3 Net Premium and reinsurance receivables

The following table indicates the details of Premiums and reinsurance receivables, net as on December 31, 2018G, 2019G and 2020G.

Table No. (42): Net Premiums and reinsurance receivables

,000 SAR	Fiscal year ended December 31			Increase/(decrease)		CAGR – 2018G – 2020G
	2018G (Audited)	2019G (Audited)	2020G (Audited)	December 2019G	December 2020G	
Payable by insurance policyholders	75,050	74,438	78,842	(%0.8)	%5.9	2.5%
Payable by insurance policyholders - related parties	3,752	2,248	1,881	(%40.1)	(%16.3)	(29.2%)
Payable by brokers and agents	22,590	19,547	21,309	(%13.5)	%9.0	(2.9%)
Payable by debit reinsurers	5,891	4,984	5,329	(%15.4)	%6.9	(4.9%)
Total	107,283	101,217	107,361	(%5.7)	%6.1	%0.0
Provision for doubtful debts	(13,305)	(13,077)	(8,723)	(%1.7)	(%33.3)	(19.0%)
Net Gross	93,978	88,140	98,638	(%6.2)	%11.9	2.4%

Source: Audited financial statements for the fiscal years 2018G, 2019G and 2020G

The amount payable by insurance policyholders represents the premiums received from direct policyholders, which did not witness significant changes between December 31, 2018 and December 31, 2019G. On the other hand, the amount payable by insurance policyholders increased by 5.9% from 74.4 million Saudi Riyals as on December 31, 2019G to 78.8 million Saudi Riyals as on December 31, 2020G. This is mainly due to late collection due to the Coronavirus pandemic.

The amount payable by insurance policyholders related to related parties was mainly related to policies belonging to Directors and their companies. The amount payable by insurance policyholders in connection with related parties decreased by 40.1% from SAR 3.8 million as on December 31, 2018G to SAR 2.2 million as of December 31, 2019G. This decrease was mainly due to part payment of dues. These liabilities decreased further by 16.3% to 1.9 million Saudi Riyals as of December 31, 2020G, mainly due to the non-renewal of the policies of a board member.

The amount payable by brokers and agents represents policies that have been sold through agents or belong to customers of intermediaries. The amount payable by brokers and agents decreased by 13.5% from SAR 22.6 million as of December 31, 2018G to SAR 19.5 million as of December 31, 2019G, mainly due to the discontinuation of dealing with a number of agents during the year. In contrast, the amount payable by brokers and agents increased by 9.0% to 21.3 million Saudi Riyals as on December 31, 2020G. This increase was mainly driven by the issuance of corporate policies through intermediaries during the period.

The amount payable by debit reinsurers is primarily related to the reinsurers' share of claims. The amount payable by reinsurers decreased by 15.4% from 5.9 million Saudi Riyals as on December 31, 2018G to 5.0 million Saudi Riyals as on December 31, 2019G. This decrease was primarily the result of the settlement of the reinsurance premiums owed to them and their credit with the debit balance. On the other hand, the amount payable by reinsurers increased by 6.9% to 5.3 million Saudi Riyals as on December 31, 2020G. This decrease is mainly due to the decrease in claims during 2020G due to the Corona pandemic.

The following table indicates the movement of the allowance for doubtful debts as at December 31, 2018G, 2019G and 2020G.

Table No. (43): Movement of provision for doubtful debts

,000 SAR	Fiscal year ended December 31			Increase/(decrease)		CAGR – 2018G – 2020G
	2018G (Audited)	2019G (Audited)	2020G (Audited)	December 2019G	December 2020G	
Balance at the beginning of the period/year	5,806	13,304	13,077	%129.1	(%1.7)	50.1%
Additions during the period / year	7,499	(227)	(4,354)	N/A	%1,818.1	N/A
Balance at the end of the period/year	13,305	13,077	8,723	(%1.7)	(%33.3)	(19.0%)

Source: Audited financial statements for the fiscal years 2018G, 2019G and 2020G

The Premiums receivable are included in the financial statements at their net value after taking into account the provision for impairment of receivables and premiums. The Company makes provisions based on the percentages specified in the Implementing Regulations of SAMA related to the premiums due, as all insurance companies are committed to comply with the technical allocation policy stipulated in the Implementing Regulations issued by SAMA.

In addition, the book value of receivables is reviewed to determine the impairment and when events or circumstances indicate that the book value may not be recoverable, the impairment loss is recorded as "Provision for impairment of doubtful debts" in the income statement. Receivable balances are eliminated when the Company has no control over the contractual rights that make up the balance, which is usually when the outstanding balance is sold or all cash flows relating to the balance are transferred to an independent third party.

A provision for doubtful debts is made when there is objective evidence that the Company will not be able to collect all amounts due under the original terms. Subsequent recoveries that were previously written off are charged to the income statement. Insurance receivables are classified in this category and are reviewed for impairment as part of the receivable impairment review.

The provision for doubtful debts decreased by 33.3% from SAR 13.1 million as of December 31, 2019G to SAR 8.7 million as of December 31, 2020G. This was the result of a reversal of the provision of SAR 4.4 million, which was mainly related to the value added tax receivable. The provision for doubtful debts did not witness any material changes between December 31, 2018 and December 31, 2019G.

The following table indicates the debt aging analysis for the total premiums' receivable as on December 31, 2018G, 2019G and 2020G.

Table No. (44): Debt age analysis of the total debit premiums

,000 SAR	Fiscal year ended December 31		
	2018G (Audited)	2019G (Audited)	2020G (Audited)
Not past due or impaired	-	-	-
less than 30 days	51,547	51,930	15,142
From 31 to 90 days	11,375	10,672	68,322
From 91 to 180 days	14,033	16,351	4,872
From 181 to 360 days	15,950	7,601	6,831
Over 360 days	1,073	1,586	4,471
Total	93,978	88,140	98,638

Source: Audited financial statements for the fiscal years 2018G, 2019G and 2020G and management information

As the Company is an insurance Company registered in the Kingdom of Saudi Arabia, it is required to comply with the policy of technical provisions stipulated in the Implementing Regulations issued by SAMA, and the Company determines provisions based on the Implementing Regulations of SAMA for Premiums due from all policyholders. The Company's policy determines the method of payment of premiums primarily based on the value of the premium determined under the agreement signed with the policyholder.

The Company deals in insurance and reinsurance contracts only with recognized parties who are worthy of credit. The Company's policy stipulates that all customers who wish to deal in terms of credit are subject to credit verification procedures. Moreover, the top five customers accounted for 14%, 15% and 7% of the total outstanding receivables as on December 31, 2018G, 2019G and 2020G, respectively.

The outstanding receivables were concentrated in the category of periods less than 30 days as on December 31, 2018G, 2019G and 2020G, representing 54.9%, 58.9% and 15.4%, respectively, of the total receivable premiums.

6.6.1.4 Reinsurers' share of unearned premiums

The following table indicates the details of the share of reinsurers in unearned Premiums by type of insurance as on December 31, 2018G, 2019G and 2020G.

Table No. (45): The share of reinsurers in unearned Premiums by type of insurance

,000 SAR	Fiscal year ended December 31			Increase/(decrease)		
	2018G (Audited)	2019G (Audited)	2020G (Audited)	December 2019G	December 2020G	CAGR – 2018G – 2020G
Medical Insurance	9,074	11,952	13,733	%31.7	%14.9	23.0%
Fires	2,350	2,735	4,319	%16.4	%57.9	35.6%
General accidents	2,701	5,111	5,085	%89.2	(%0.5)	37.2%
Engineering insurance	8,422	1,197	4,065	(%85.8)	%239.7	(30.5%)
marine insurance	149	327	177	%120.2	(%45.9)	9.1%
Motor insurance	29	-	-	(%100.0)	N/A	(%100.0)
Life insurance	(1)	-	-	(%100.0)	N/A	(%100.0)
Other General Insurance	14	0	14	(%100.0)	N/A	1.3%
Total	22,738	21,323	27,393	(%6.2)	%28.5	9.8%

Source: management information

The following table indicates the details of the movement in the share of reinsurers in unearned Premiums as on December 31, 2018G, 2019G and 2020G.

Table No. (46): Movement in the share of reinsurers in unearned Premiums

,000 SAR	Fiscal year ended December 31			Increase/(decrease)		
	2018G (Audited)	2019G (Audited)	2020G (Audited)	December 2019G	December 2020G	CAGR – 2018G – 2020G
Balance at the beginning of the year	29,476	22,738	21,323	(%22.9)	(%6.2)	14.9%
Premiums written during the year	44,001	58,485	65,657	%32.9	%12.3	22.2%
Premiums earned during the year	(50,739)	(59,900)	(59,587)	%18.1	(%0.5)	8.4%
Total	22,738	21,323	27,393	(%6.2)	%28.5	9.8%

Source: Audited financial statements for the fiscal years 2018G, 2019G and 2020G

The total premiums and commissions are recorded when the insurance policy is issued, and the part of the premiums and commissions that will be earned in the future are recorded as “unearned premiums and commissions” respectively, and are similarly deferred over the period of the insurance policy in question, except for sea freight. The unearned portion of the insurance on Marine freight represents the last three months of the total written premiums during the current fiscal year. The Premiums and commission income that relate to risks in force beyond the end of the fiscal year are shown as unearned premiums, and are deferred using the following methods: 1) the last three months of marine Premiums, 2 a) a predetermined calculation of the engineering work for risks that take place after one year, and 3) the actual number of days for all other classes of insurance.

The share of reinsurers in unearned premiums decreased by 6.2% from SAR 22.7 million as on December 31, 2018G to SAR 21.3 million as on December 31, 2019G. This mainly resulted from lower engineering insurance as engineering unearned premiums are calculated based on policy period and risk development as mentioned before. This decrease was partially offset by the rise in medical and general accident insurance, driven by the increase in the medical reinsurance ratio from 20% to 30%.

On the other hand, the share of reinsurers in unearned premiums increased by 28.5% to SAR 27.4 million as on December 31, 2020G. This was mainly driven by the rise in fire insurance due to the increase in the number of policies and the rise in engineering insurance due to the increase in the number of policies.

The movement of the reinsurance share in the unearned premiums is affected by the total movement of the unearned premiums, which in turn is in line with the movement of the written premiums.

6.6.1.5 Reinsurance shares of outstanding claims

The following table indicates the details of the reinsurance share of outstanding claims by type of insurance as of December 31, 2018G, 2019G and 2020G.

Table No. (47): Reinsurance share of outstanding claims by type of insurance

,000 SAR	Fiscal year ended December 31			Increase/(decrease)		
	2018G (Audited)	2019G (Audited)	2020G (Audited)	December 2019G	December 2020G	CAGR – 2018G – 2020G
Medical Insurance	4,120	4,640	4,564	%12.6	(%1.7)	5.2%
General accidents	3,027	1,731	2,592	(%42.8)	49.7%	(7.5%)
Motor insurance	2,869	2,869	3,399	-	%18.5	8.8%
Engineering insurance	309	404	321	%30.8	(%20.5)	2.0%
Marine insurance	45	30	9	(%33.7)	(%68.5)	(54.3%)
Fires	169	44	-	(%73.9)	(%100.0)	(%100.0)
Other General Insurance	5	1	1,022	(%88.0)	N/A	1,309.4%
Total	10,543	9,718	11,908	(%7.8)	%22.5	6.3%

Source: Management Information

Reinsurers' share of outstanding claims indicates the estimated cost of claims incurred and reported but not settled at the statement of financial condition date.

The share of reinsurers from outstanding claims decreased by 7.8% from SAR 10.5 million as on December 31, 2018G to SAR 9.7 million as of December 31, 2019G. This is mainly due to the decrease in insurance related to general accidents due to the decrease in outstanding claims. On the other hand, the share of reinsurers from outstanding claims increased by 22.5% to 11.9 million Saudi Riyals as on December 31, 2020G, mainly due to the change in the reinsurance agreement for the medical product, as the percentage of the agreement was increased, and accordingly the percentage in the reinsurance share in claims.

6.6.1.6 Reinsurance shares of claims incurred but not reported

The following table indicates the details of the reinsurance share of claims incurred but not reported by type of insurance as of December 31, 2018G, 2019G and 2020G.

Table No. (48): Reinsurers' share of claims incurred but not reported by type of insurance

,000 SAR	Fiscal year ended December 31			Increase/(decrease)		
	2018G (Audited)	2019G (Audited)	2020G (Audited)	December 2019G	December 2020G	CAGR – 2018G – 2020G
Medical Insurance	3,492	5,053	6,683	%44.7	%32.3	38.4%
Public accidents	1,054	668	614	(%36.7)	(8.0%)	(23.7%)
Engineering insurance	1,213	447	403	(%63.1)	(%9.9)	(42.4%)
Fires	180	305	275	%69.3	(%9.9)	23.5%
Marine insurance	65	125	45	%91.7	(%64.1)	(17.0%)
Total	6,004	6,597	8,020	%9.9	%21.6	15.6%

Source: Management Information

Reinsurers' share of incurred but not reported claims refers to claims that are expected to be reported after the statement of financial condition date and for which the insured event occurred prior to the statement of financial condition date. The fluctuations in these balances are affected by the volume of business movement and loss rates in general.

Reinsurers' share of incurred but not reported claims increased by 9.9% from SAR 6.0 million as of December 31, 2018G to SAR 6.6 million as of December 31, 2019G. This was mainly driven by an increase in medical insurance as a result of the anticipation of an increase in the number and value of claims that occurred and were not reported as of December 31, 2019G.

The share of reinsurers in incurred but not reported claims increased by 21.6% to SAR 8.0 million as of December 31, 2020G. This is mainly due to the increase in medical insurance due to the expectation of an increase in the number and value of claims that occurred and were not reported until December 31, 2020G.

6.6.1.7 Deferred insurance policy acquisition costs

The following table details the unreported deferred insurance policy acquisition costs as of December 31, 2018G, 2019G and 2020G.

Table No. (49): Deferred Insurance Policies Subscription Costs

,000 SAR	Fiscal year ended December 31			Increase/(decrease)		
	2018G (Audited)	2019G (Audited)	2020G (Audited)	December 2019G	December 2020G	CAGR – 2018G – 2020G
Medical Insurance	4,824	4,407	3,637	(%8.6)	(%17.5)	(13.2%)
fires	254	356	314	%40.1	(%11.9)	11.1%
General accidents	964	733	672	(24.0%)	(%8.4)	(16.5%)
Engineering insurance	99	134	65	%35.3	(%51.3)	(18.8%)
Marine insurance	34	48	28	%41.2	(%41.7)	(9.3%)
Motor insurance	5,874	8,477	26,943	%44.3	%217.8	114.2%
Life insurance	-	-	-	N/A	N/A	-
Other General Insurance	1	1	-	-	(%100.0)	(%100.0)
Total	12,050	14,157	31,659	%17.5	%123.6	62.1%

Source: Management Information

Commissions and other costs directly related to the purchase and renewal of insurance contracts are deferred and amortized according to the terms of the insurance contracts to which they relate, similar to earned premiums. To the extent that these costs are recoverable from future premiums. All other acquisition costs are recognized as an expense when incurred. The amortization is recorded in the "insurance policy acquisition costs" in the income statement.

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the assets are accounted for by changing the amortization period and are treated as a change in the accounting estimate.

An examination is conducted to ascertain the occurrence of a decrease in the value, at the date of each financial report, one or more times, when there is evidence of such decrease. In cases where the recoverable amount is less than the carrying amount, the impairment loss is recognized in the income statement. The deferred insurance policy acquisition costs are also taken into consideration when conducting a liability adequacy test in each financial reporting period.

Insurance policy acquisition costs increased by 17.5% from SAR 12.1 million as of December 31, 2018 to SAR 14.2 million as of December 31, 2019G. This increase was mainly due to the increase in corporate sales and the increase in the number of insurance policies handled.

The costs of underwriting insurance policies increased by 123.6% to 31.7 million Saudi Riyals as of December 31, 2020G. This was primarily a result of higher corporate sales.

6.6.1.8 Property and Equipment

The following table indicates the details of property and equipment as of December 31, 2018G, 2019G and 2020G.

Table No. (50): Property and Equipment - Net

,000 SAR	Fiscal year ended December 31			Increase/(decrease)		CAGR – 2018G – 2020G
	2018G (Audited)	2019G (Audited)	2020G (Audited)	December 2019G	December 2020G	
Motors	5	2	1	(%60.0)	(%50.0)	(55.3%)
Furniture, fixtures and office equipment	586	779	734	%32.9	(%5.8)	11.9%
Computers	666	2,040	2,286	%206.3	%12.1	85.3%
Tenant improvements	4,188	777	2,293	(%81.4)	%195.1	(26.0%)
Net book value	5,445	3,598	5,314	(%33.9)	%47.7	(1.2%)

Source: Audited financial statements for the fiscal years 2018G, 2019G and 2020G and management information

Motors are used for transportation for the Company's business by the Company's drivers. The decrease in the net book value of motors was the result of continuous depreciation during the years, in addition to the lack of any new motors purchased during the period between December 31, 2018 and December 31, 2020G.

Furniture and fixtures refer to fixed assets used in the office and leased premises of the Company. The net book value did not witness significant changes between December 31, 2018 and December 31, 2019G. The net book value of furniture and fixtures increased by 32.9% from SAR 0.6 million as on December 31, 2019G to SAR 0.8 million as on December 31, 2020G as a result of additions during the year related to moving to the new branch in Hittin. The item of furniture and fixtures did not witness any significant movement between December 31, 2019G and December 31, 2020G.

Computers relate to devices used by Company employees. The net book value of computers increased by 206.3% from SAR 0.7 million as of December 31, 2018G to SAR 2.0 million as of December 31, 2019G. These increases resulted from additions during 2018 and 2019G related to the increase in the number of employees. The net book value of computers continued to increase by 12.1% to 2.3 million Saudi Riyals as of December 31, 2020G, as a result of the purchase of new equipment for some of the Company's employees.

The improvements to the leased buildings are related to the renovation, rebuilding and related electrical works that are implemented in the Company's office buildings and branches, and represented 76.9%, 21.6% and 43.2% of the total net book value of property and equipment as of December 2018G, 2019G and December 31, 2020G. Straight.

6.6.1.9 Intangible assets

The following table indicates the details of the intangible assets as at December 31, 2018G, 2019G and 2020G.

Table No. (51): Intangible Assets – Net

,000 SAR	Fiscal year ended December 31			Increase/(decrease)		CAGR – 2018G – 2020G
	2018G (Audited)	2019G (Audited)	2020G (Audited)	December 2019G	December 2020G	
Cost:						
As at the beginning of the period/year	6,685	8,091	9,449	%21.0	%16.8	18.9%
Extras	1,406	1,358	732	(%3.4)	(%46.1)	(27.8%)
As at the end of the period/year	8,091	9,449	10,181	%16.8	%7.7	12.2%
Accumulated amortization:						
As at the beginning of the period/year	2,820	3,527	4,441	%25.1	%25.9	25.5%
firefighting	707	914	989	%29.3	%8.2	18.3%
As at the end of the period/year	3,527	4,441	5,430	%25.9	%22.3	24.1%
Net book value	4,564	5,008	4,751	%9.7	(%5.1)	2.0%

Source: Audited financial statements for the fiscal years 2018G, 2019G and 2020G and Management Information

Intangible assets include software usage rights licenses, and increased by 9.7% from to 4.6 million Saudi Riyals as of December 31, 2018G to 5.0 million Saudi Riyals as on December 31, 2019G. These increases resulted from additions during the year 2019G related to the GI Core program. Intangible assets did not witness any significant movement between December 31, 2019G and December 31, 2020G.

6.6.1.10 Right-of-use assets

The following table indicates the details of the right-of-use assets as on December 31, 2018G, 2019G and 2020G.

Table No. (52): Origins of the Right to Use

,000 SAR	Fiscal year ended December 31			Increase/(decrease)		
	2018G (Audited)	2019G (Audited)	2020G (Audited)	December 2019G	December 2020G	CAGR – 2018G – 2020G
Cost:						
As at the beginning of the period/year	-	-	9,985	N/A	N/A	N/A
Impact of applying IFRS 16	-	9,985	-	N/A	(%100.0)	N/A
Extras	-	-	88	N/A	N/A	N/A
As at the end of the period/year	-	9,985	10,073	N/A	%0.9	N/A
Accumulated amortization:						
As at the beginning of the period/year	-	-	(2,758)	N/A	N/A	N/A
Charged to the period/year	-	(2,758)	(2,093)	N/A	(%24.1)	N/A
As at the end of the period/year	-	(2,758)	(4,851)	N/A	%75.9	N/A
Net book value	-	7,227	5,222	N/A	(%27.7)	N/A

Source: Audited financial statements for the fiscal years 2018G, 2019G and 2020G

The Company has operating leases related to buildings, which were previously recognized as operating leases in accordance with International Accounting Standard No. 17. Operating leases are recognized as lease expenses in the statement of other comprehensive income. The Company adopted IFRS 16 starting from January 01, 2020G instead of IAS 17. IFRS 16 applies a single accounting model for leases and recognizes all major lease contracts with the Company in the statement of financial condition. There are exceptions to operating leases to which IFRS 16 applies, such as low-value leases or short-term leases (less than one year). The Company has applied IFRS 16 to all its operating leases, and right-of-use assets have been recognized at fair value, while operating lease liabilities have been recognized at present value (discounted using the interest rate included in the lease). Depreciation is recorded as an expense in the income statement with the change of the "right of use" balance. The discount rate is recognized as an interest expense at the end of each period.

Please see the Significant Accounting Policies section for details on IFRS 16.

6.6.1.11 Available for sale investments

The following table indicates the details of the available-for-sale investments as on December 31, 2018G, 2019G and 2020G.

Table No. (53): Investments available for sale

,000 SAR	Fiscal year ended December 31			Increase/(decrease)		
	2018G (Audited)	2019G (Audited)	2020G (Audited)	December 2019G	December 2020G	CAGR – 2018G – 2020G
Investing in Sukuk	25,000	25,000	20,000	-	(%20.0)	(10.6%)
Listed Securities	20,712	11,256	11,177	(%45.7)	(%0.7)	(26.5%)
Unlisted securities	1,923	1,923	1,923	-	-	-
Units in a listed local real estate fund	10,099	12,927	16,159	%28.0	%25.0	26.5%
Total Investment	57,734	51,106	49,259	(%11.5)	(%3.6)	(7.6%)

Source: Audited financial statements for the fiscal years 2018G, 2019G and 2020G

The investment in sukuk was linked to the General Authority of Civil Aviation. Investment in sukuk did not witness any changes during the period between December 31, 2018 and December 31, 2019, and decreased by 20.0% as a result of excluding SAR 5.0 million as on December 31, 2020G.

The listed securities are linked to the Company's investment in various companies inside and outside the Kingdom, and these investments are managed by the Derayah Financial Fund. Investments in listed securities decreased by 45.7% from SAR 20.7 million as on December 31, 2018G to SAR 11.3 million as on December 31, 2019G. This decrease resulted from exclusions during the year due to the sale of Sukuk. Investments in listed securities did not witness significant fluctuations between December 31, 2019G and December 31, 2020G.

The unlisted securities represent Najm Company. The unlisted securities did not witness any changes during the period between December 31, 2018 and December 31, 2020G.

The units in a listed local real estate fund formed the Company's investment in Jadwa REIT. The value of investment in the real estate fund units increased by 28.0% from 10.1 million Saudi Riyals as on December 31, 2018G to 12.9 million Saudi Riyals as on December 31, 2019, and increased by 25.0% to 16.2 million Saudi Riyals as on December 31, 2020G. These increases resulted from positive changes in the fair value of investments as on December 31, 2019G and December 31, 2020G.

6.6.1.12 Prepaid expenses and other debit balances

The following table indicates the details of prepaid expenses and other debit balances as on December 31, 2018G, 2019G and 2020G.

Table No. (54): Prepaid expenses and other debit balances

,000 SAR	Fiscal year ended December 31			Increase/(decrease)		
	2018G (Audited)	2019G (Audited)	2020G (Audited)	December 2019G	December 2020G	CAGR – 2018G – 2020G
Insurance Operations						
Refunds from "Theme"	13,778	29,816	35,182	%116.4	%18.0	59.8%
Advance Payments	4,467	4,449	3,120	(%0.4)	(%29.9)	(16.4%)
Income accrued from the "co-op"	-	-	4,487	N/A	N/A	N/A
Other receivables	3,519	3,750	3,825	%6.6	%2.0	4.3%
Deferred Third Party Administrative Fee - Medical	-	2,601	2,279	N/A	(%12.4)	N/A
Accrued Income - Profits of "The Outlets"	2,171	2,294	1,837	%5.7	(%19.9)	(8.0%)
Receivables from employees	1,615	1,587	1,330	(%1.7)	(%16.2)	(9.2%)
Remeasurement of the end of service benefit reserve	-	831	1,064	N/A	%28.0	N/A
Other	2,498	1,773	6,952	(%29.0)	%292.0	66.8%
Total insurance operations	28,048	47,102	60,076	%67.9	%27.5	46.4%
Shareholder Operations						
Zakat and taxes recovered from shareholders	2,345	2,345	2,345	-	-	-
Dividends "Al Derayah"	216	-	361	(100.0%)	N/A	29.2%
Accrued investment income	4,040	1,034	521	(%74.4)	(%49.6)	(64.1%)
Other	-	-	857	N/A	N/A	N/A
Total Shareholder Operations	6,601	3,379	4,084	(%48.8)	20.9%	(21.3%)
Total	34,649	50,481	64,070	%45.7	27.1%	36.1%

Source: Management Information

Refunds from SIMAH are related to the value of the claims paid to the third party that will be collected from the policyholder due to the incompleteness of some legal conditions, and they constituted 39.8%, 59.1% and 54.9% of the total prepaid expenses and other debit balances as at 31 December 2018G, 2019G and 2020G, respectively. Recoveries from SIMAH increased by 116.4% from SAR 13.8 million as of December 31, 2018G to SAR 29.8 million as of December 31, 2019G. This increase is mainly due to the increase in the expenses provided related to the commission of the employees

who collect the claims. Recoveries from SIMAH increased by 18.0% to SAR 35.2 million as of December 31, 2020G. This was primarily driven by the increase in refunds from customers.

Payments made mainly represented advance leases, insurance payments and SAMA payments. Advance payments did not experience significant fluctuations between December 31, 2018 and December 31, 2019G. In contrast, advance payments decreased by 29.9% from SAR 4.4 million as on December 31, 2019G to SAR 3.1 million as on December 31, 2020G, mainly as a result of the decrease in prepaid rents due to the Corona pandemic in addition to the suspension of some points of sale and thus the decrease in their rents.

The income due from the "Tawuniya" relates to the "Manafeth" Agreement as of December 31, 2020G.

Other receivables mainly included payments to employees, prepaid employee housing allowances and an advance of the cost of software development. Other receivables increased by 6.6% from SAR 3.5 million as of December 31, 2018G to SAR 3.8 million as of December 31, 2019G. This rise was mainly due to the cost of software development. Other receivables did not experience significant fluctuations between December 31, 2019G and December 31, 2020G.

The deferred administrative fees for the third party - medical were associated with MedNet during 2018G, 2019G and 2020G and TCS during 2019G and 2020G. These fees decreased by 12.4% from SAR 2.6 million as on December 31, 2019G to SAR 2.3 million as on December 31, 2020G and this decrease was primarily driven by the change of the Medical Claims Manager from MedNet to TCS during the period. The deferred administrative fees for the third party did not witness any balance as of December 31, 2018.

The accrued income – "Manafeth" profits represents the Company's share in the agreement between the insurance companies and carried out by the cooperative, and the share of each Company is calculated on a quarterly basis. The income accrued from the outlets decreased by 19.9% from SAR 2.3 million as on December 31, 2019G to SAR 1.8 million as of December 31, 2020G. This decline was mainly driven by a decrease in the number of motors and an increase in the rate of losses. The income due from the outlets did not witness material fluctuations between December 31, 2018 and December 31, 2019G.

Employee entitlements represent advances to employees or housing allowance provided to them, and usually range between 5,000 and 10,000 Saudi Riyals and are approved by the Deputy President of the Department. The Company's policy in terms of payments made to employees' states that the employee has the right to take the housing allowance as an advance as well as to take an advance and one of the other employees will sign as a guarantor.

The remeasurement of the end-of-service benefit reserve that was recorded at SAR 0.8 million and SAR 1.1 million as at December 31, 2019G and December 31, 2020G is associated with the employee benefit obligation measured according to actuarial valuations under the projected unit credit method.

Other payments related to insurance operations mainly include income due from deposits, accruals from and other advance payments. Other payments decreased by 29.0% from SAR 2.5 million as on December 31, 2018G to SAR 1.8 million as on December 31, 2019G. This is mainly due to lower income from deposits due to lower yield. Other payments increased by 292.0% to SAR 7.0 million as of December 31, 2020G. This was driven by the decrease in the receivable income from deposits due to the lower yield and the decrease in the restricted input value added tax.

Zakat and taxes recovered from shareholders did not witness any changes between December 31, 2018 and December 31, 2020G.

Al-Derayah's dividends fluctuate according to the policy of the investee companies. Fluctuations in profits between December 31, 2018G and December 31, 2020G are related to Derayah's dividends.

Accrued investment income is related to accrued income from deposits. Accrued investment income decreased by 74.4% from SAR 4.0 million as on December 31, 2018G to SAR 1.0 million as on December 31, 2019G, due to a lower return during the year. Accrued investment income continued to decline by 49.6% to SAR 0.5 million as of December 31, 2020G. This decline was driven by the Company's trend towards short-term deposits of 3 months or less, which have a relatively lower return.

Other payments related to shareholders' operations as of December 31, 2020G include advance payments to the Board of Directors, trading and value added tax.

6.6.1.13 Statutory Deposit and commission payable from Statutory Deposit

In accordance with Article 58 of the Implementing Regulations of SAMA, the Company deposited 10% of its paid-in capital, amounting to 20.0 million Saudi Riyals, as on December 31, 2018G, with a bank selected by SAMA. On December 31, 2019, the percentage required for the statutory deposit by SAMA was increased to 15%, bringing the amount of the statutory deposit to 30.0 million Saudi Riyals as on December 31, 2019G and December 31, 2020G.

Based on the instructions of SAMA and according to their letter dated March 1, 2016, the Company presents the resulting commission on the statutory deposit as assets and liabilities in the financial statements.

6.6.2 Liabilities

The following table indicates the details of the liabilities for the fiscal years ending on December 31, 2018G, 2019G and 2020G.

Table No. (55): Liabilities

,000 SAR	Fiscal year ended December 31			Increase/(decrease)		CAGR – 2018G – 2020G
	2018G (Audited)	2019G (Audited)	2020G (Audited)	December 2019G	December 2020G	
Policyholders' claims payable	8,741	1,506	10,142	(%82.8)	%573.4	7.7%
Receivables and other credit balances	17,302	10,345	24,163	(%40.2)	%133.6	18.2%
Reinsurance balances payable	11,505	16,470	16,661	%43.2	%1.2	20.3%
Unearned commission income	1,266	1,339	1,426	%5.8	%6.5	6.1%
Unearned premiums	252,007	254,360	264,469	%0.9	%4.0	2.4%
Premium deficiency reserve	2,020	2,308	9,516	%14.3	%312.3	117.0%
Other technical reserves	1,796	1,716	2,482	(%4.5)	%44.6	17.6%
Claims under settlement	42,419	34,024	26,094	(%19.8)	(%23.3)	(21.6%)
Claims incurred but not reported	55,769	61,887	68,643	%11.0	%10.9	10.9%
Employees' end of service benefits	9,789	12,011	14,006	%22.7	%16.6	19.6%
Rental obligations	-	7,122	4,974	N/A	(%30.2)	N/A
Surplus from insurance operations	5,457	5,982	6,409	%9.6	%7.1	8.4%
Zakat and income tax due	5,111	8,479	11,000	%65.9	%29.7	46.7%
Commission payable on statutory deposit	1,386	1,653	1,794	%19.3	%8.5	13.8%
Total	414,568	419,202	461,779	%1.1	%10.2	5.5%

Source: Audited financial statements for the fiscal years 2018G, 2019G and 2020G

Unearned Premiums constituted 60.8%, 60.7% and 57.3% of the total liabilities as on December 31, 2018G, 2019G and 2020G, respectively.

While incurred but not reported claims constituted 13.5%, 14.8% and 14.9% of the total liabilities as on December 31, 2018G, 2019G and 2020G, respectively.

Liabilities did not witness material changes between December 31, 2019G and December 31, 2020G.

Total liabilities increased by 10.2% from SAR 419.2 million as on December 31, 2019G to SAR 461.8 million as on December 31, 2020G. This increase was mainly driven by the increase in the unearned premium balances due to the increase in the written premiums and the increase in the claims of the policyholders due to the increase in the number of insured Motors and the increase in the claims incurred but not reported.

6.6.2.1 Credit Policyholders Claims

The following table indicates the details of the creditor policyholders' claims for the fiscal years ending on December 31, 2018G, 2019G and 2020

Table No. (56): Claims of Credit Policyholders

,000 SAR	Fiscal year ended December 31			Increase/(decrease)		
	2018G (Audited)	2019G (Audited)	2020G (Audited)	December 2019G	December 2020G	CAGR – 2018G – 2020G
Payable to Medical Providers – MedNet	7,191	-	-	(%100.0)	N/A	(%100.0)
Payable to inspection and damage assessment expert	53	-	8,321	(%100.0)	N/A	1,149.3%
Supplier Dues	490	-	816	(%100.0)	N/A	29.0%
Payable to garages and workshops	373	-	744	(%100.0)	N/A	41.2%
Other claims	633	1,506	261	%138.1	(%82.7)	(35.8%)
Total	8,741	1,506	10,142	(%82.8)	%573.3	7.7%

Source: Management Information

Payments to medical providers related to MedNet included medical claims payable to hospitals. These dues decreased from 7.2 million Saudi Riyals as on December 31, 2018 to zero as on December 31, 2019G due to the payment of all claims received until the end of the year from medical service providers. The Company did not record any receivables as of December 31, 2020G.

Payments to the inspection and damage assessment expert were related to costs associated with the loss appraiser. The dues to be paid to the inspection and damage assessment expert decreased from 53 thousand Saudi Riyals as on December 31, 2018 to zero as on December 31, 2019G as a result of the settlement and payment of all inspectors' fees. In contrast, dues to be paid to settle losses amounted to 8.3 million Saudi Riyals as of December 31, 2020G. This balance was linked to the inspection fees of Najm Company for Motor Accidents.

Supplier receivables mainly represent the value of purchases and services provided by suppliers such as postal companies, publications, stationery and some services necessary for the conduct of business. These dues decreased from 0.5 million Saudi Riyals as on December 31, 2018G to zero as on December 31, 2019G as a result of paying all companies' dues before the end of the year. Suppliers' dues amounted to 0.8 million Saudi Riyals as of December 31, 2020G. This balance was linked to the dues of information technology companies, archiving companies, and dues for services of real estate companies.

Payables to garages and workshops decreased from 0.4 million Saudi Riyals as on December 31, 2018G to zero as on December 31, 2019G as a result of paying all dues before the end of the year. Payables to garages and workshops amounted to 0.7 million Saudi Riyals as of December 31, 2020G. This balance was linked to outstanding bills for the maintenance of comprehensive insurance motors, which have not yet been paid.

The other claims consisted primarily of third-party liability payable, medical provider payable and other payables. Other claims increased by 138.1% from SAR 0.6 million as of December 31, 2018G to SAR 1.5 million as of December 31, 2019G, due to the rise in unpaid third-party claims at the end of the year. In contrast, other claims decreased by 82.7% to SAR 0.3 million as of December 31, 2020G. This is mainly due to a decrease in unpaid third-party claims at the end of the year.

6.6.2.2 Accruals and other credit balances

The following table indicates details of accruals and other credit balances as on December 31, 2018G, 2019G and 2020G.

Table No. (57): Accruals and other credit balances

,000 SAR	Fiscal year ended December 31			Increase/(decrease)		
	2018G (Audited)	2019G (Audited)	2020G (Audited)	December 2019G	December 2020G	CAGR – 2018G – 2020G
Inspection experts' fees	-	1,413	8,320	-	488.8%	-
Other dues	3,198	1,561	3,697	(51.2%)	136.8%	7.5%
Due to intermediaries	6,769	2,922	6,883	(%56.8)	%135.6	0.8%
third party administrative	-	-	2,625	-	-	-
VAT due	1,130	187	-	(%83.5)	(%100.0)	(%100.0)
Other requirements	6,205	4,262	2,639	(31.3%)	(38.1%)	(34.8%)
Total	17,302	10,345	24,164	(%40.2)	%133.6	18.2%

Source: Audited financial statements for the fiscal years 2018G, 2019G and 2020G and Management Information

Inspection experts' fees are the fees of general insurance inspection companies (loss appraisers). These expenses increased by 488.8% from 1.4 million Saudi Riyals as on December 31, 2019G to 8.3 million Saudi Riyals as on December 31, 2020G. It should be noted that these expenses were classified among other liabilities in the year 2018. The movement of these expenses is affected by the number of accidents that are monitored within the normal course of business and therefore does not follow a specific trend.

Other accruals mainly constitute withholding tax accruals. Other accruals decreased by 51.2% from SAR 3.2 million as of December 31, 2018G to SAR 1.6 million as of December 31, 2019G. This decrease was in the normal course of business and as a result of reclassifying items from other accruals to other liabilities as on December 31, 2019G. Other receivables increased by 136.8% to SAR 3.7 million as of December 31, 2020G. This increase was due to the increase in the withholding tax provision and the increase in supervision fees of SAMA.

The receivable to brokers represents the commission of the brokers for which policies have been issued to their customers by the Company. Due to brokers decreased by 56.8% from SAR 6.8 million as of December 31, 2018G to SAR 2.9 million as of December 31, 2019G. This decline was mainly due to non-renewal of some corporate customers. Due to brokers increased by 135.6% to 6.9 million Saudi Riyals as of December 31, 2020G. This increase was due to higher commissions payable to sales representatives, points of sale and external intermediaries.

A balance of SAR 2.6 million as of December 31, 2020G was recorded as a credit to an administrative third party. The third party is an administrative party representing the insurance claims management companies that the Company deals with in the normal course of business.

The value added tax due decreased by 83.5% from SAR 1.1 million as on December 31, 2018G to SAR 0.2 million as on December 31, 2019G. This was as a result of settling part of the amounts due as on December 31, 2019G. The value-added tax due has further decreased to zero as of December 31, 2020G, due to the settlement of the entire VAT due amounts for the month of August 2019G.

Other liabilities mainly included receivables from medical insurance claims management companies and general insurance inspection companies (loss assessors). Other liabilities decreased from SAR 6.2 million as on December 31, 2018G to 4.3 million as on December 31, 2019G and SAR 2.6 million as on December 31, 2020G. This decrease was mainly driven by the reclassification of the inspection experts' expenses as a separate item in 2019G.

6.6.2.3 Credit Reinsurance Balances

The following table indicates the details of creditable reinsurance balances as of December 31, 2018G, 2019G and 2020G.

Table No. (58): Credit Reinsurance Balances

	Fiscal year ended December 31			Increase/(decrease)		
,000 SAR	2018G	2019G	2020G			CAGR – 2018G – 2020G
	(Audited)	(Audited)	(Audited)	December 2019G	December 2020G	
Contractual transactions						
Dues to insurance companies - local	733	808	327	%10.2	(%59.5)	(33.2%)
Dues to reinsurance companies with a foreign agreement	-	948	206	N/A	(%78.3)	N/A
Dues to reinsurance companies with a foreign agreement	5	35	2	%669.6	N/A	(33.7%)
Payments to reinsurance companies by agreement - local	-	5	-	N/A	(%100.0)	N/A
Total contractual transactions	737	1,796	535			
Optional parameters						
Payments to insurance companies – foreign	8,948	14,072	15,824	%57.3	%12.4	32.0%
Payments to insurance companies by agreement – foreign	1,799	-	-	(%100.0)	N/A	(%100.0)
Payments to insurance companies – local	18	602	302	N/A	(%49.9)	308.5%
Payable joint insurance	3	-	-	(%100.0)	N/A	(%100.0)
Total optional parameters	10,768	14,675	16,126	%36.3	%9.9	22.4%
Total	11,505	16,470	16,661	%43.2	%1.2	20.3%

Source: Management Information

Amounts owed to reinsurers represent the balance owed to reinsurers in respect of voluntary transactions and contractual agreements. The outstanding balance is estimated in a manner consistent with the relevant reinsurance contract and adjusted after consideration of the reinsurance commission entitlements due from reinsurers.

Amounts owed to reinsurers increased by 43.2% from 11.5 million Saudi Riyals as on December 31, 2018 to 16.5 million Saudi Riyals as on December 31, 2019G. The increase on December 31, 2019G is mainly due to the increase in sales and therefore the increase in reinsurance premiums, in addition to the decrease in the share of reinsurers in claims. The amounts owed to reinsurers did not witness any significant movement between December 31, 2019G and December 31, 2020G.

6.6.2.4 Unearned commission income

Income from unearned commissions is related to the Company's Company commissions arising from reinsurance premiums. Income from unearned commissions did not witness significant fluctuations between December 31, 2018 and December 31, 2019G and between December 31, 2019G and December 31, 2020G.

6.6.2.5 Unearned Premiums

The following table indicates the details of unearned Premiums as of December 31, 2018G, 2019G and 2020G.

Table No. (59): Unearned Premiums

,000 SAR	Fiscal year ended December 31			Increase/(decrease)		
	2018G (Audited)	2019G (Audited)	2020G (Audited)	December 2019G	December 2020G	CAGR – 2018G – 2020G
Motor insurance	164,538	177,232	172,480	%7.7	(%2.7)	2.4%
Medical Insurance	61,257	56,922	65,369	(%7.1)	%14.8	3.3%
General accidents	14,742	15,022	17,261	%1.9	%14.9	8.2%
Fires	2,570	3,248	4,776	%26.4	%47.0	36.3%
Engineering insurance	8,502	1,554	4,206	(%81.7)	%170.6	(29.7%)
Marine insurance	371	381	352	%2.7	(%7.5)	(2.5%)
Other General Insurance	27	(0)	26	(%100.0)	N/A	(2.6%)
life insurance	(1)	-	-	(%100.0)	N/A	(%100.0)
Total	252,007	254,360	264,469	%0.9	%4.0	2.4%

Source: Management Information

Motor insurance operations constituted 65.3%, 69.7% and 65.2% of the total unearned Premiums as on December 31, 2018G, 2019G and 2020G, respectively.

Unearned premiums did not witness material changes between December 31, 2018 and December 31, 2019G.

Unearned premiums increased by 4.0% from SAR 254.4 million as of December 31, 2019G to SAR 264.5 million as of December 31, 2020G. This increase was mainly due to the increase in the total unearned premiums mainly related to the medical insurance sector.

6.6.2.6 Premium deficiency reserve

The provision for Premium's deficit reserve has been linked to a number of assumptions regarding future events and circumstances, as it depends on the expected loss ratio for the unexpired portion of the risks of the policies. To arrive at an estimate of the expected loss ratio, the Company's actuarial expert and the independent actuary take into account the relationship of claims and premiums that are expected to be applied on a month-to-month basis and to ascertain at the end of the fiscal year whether there is a need to form an installment deficit reserve.

6.6.2.7 Other Technical Reserves

These provisions are mainly related to the reserves of unexpired risks, which are amounts allocated at the end of the financial period to meet the obligations that may arise after the end of that period for insurance contracts issued before that date. These provisions fluctuate in the course of the normal employment contract.

6.6.2.8 Outstanding claims

The following table indicates the details of the outstanding claims for the fiscal years ending on December 31, 2018G, 2019G and 2020G.

Table No. (60): Claims under settlement

,000 SAR	Fiscal year ended December 31			Increase/(decrease)		
	2018G (Audited)	2019G (Audited)	2020G (Audited)	December 2019G	December 2020G	CAGR – 2018G – 2020G
Motor insurance	17,523	12,309	1,983	(%29.8)	(%83.9)	(66.4%)
Medical Insurance	18,504	16,303	15,226	(%11.9)	(%6.6)	(9.3%)
General accidents	5,690	4,776	8,466	(%16.1)	%77.3	22.0%
Fires	210	55	-	(%73.8)	(%100.0)	(%100.0)
Engineering insurance	360	478	364	%32.8	(%23.8)	0.6%
Marine insurance	121	101	54	(%16.4)	(%46.5)	(33.1%)
Other General Insurance	10	1	1	(%90.0)	%20.0	(65.4%)
Total	42,419	34,024	26,094	(%19.8)	(%23.3)	(21.6%)

Source: Management Information

Total outstanding claims comprise the total estimated cost of claims incurred and reported but not settled at the statement of financial condition date.

The outstanding claims balance decreased by 19.8% from SAR 42.4 million as of December 31, 2018G to SAR 34.0 million as of December 31, 2019G. This decline was primarily driven by the non-renewal of medical policies, the change in responsibility for managing medical claims, and the decline in motor claims due to the development of the software used. The balance of outstanding claims decreased further by 23.3% to 26.1 million Saudi Riyals as of December 31, 2020G, due to lower auto and medical claims due to the coronavirus pandemic.

6.6.2.9 Claims incurred but not reported

The following table details the claims incurred but not reported as of December 31, 2018G, 2019G and 2020G.

Table No. (61): Incurred and Unreported Claims

,000 SAR	Fiscal year ended December 31			Increase/(decrease)		
	2018G (Audited)	2019G (Audited)	2020G (Audited)	December 2019G	December 2020G	CAGR – 2018G – 2020G
Motor insurance	36,798	40,587	42,258	%10.3	%4.1	7.2%
Medical Insurance	15,075	17,790	22,292	%18.0	%25.3	21.6%
General accidents	2,322	2,552	3,296	%9.9	%29.1	19.1%
Fires	223	342	295	%53.4	(%13.9)	14.9%
Engineering insurance	1,240	468	426	(%62.3)	(%9.1)	(41.4%)
Marine insurance	109	147	77	%35.1	(%47.7)	(15.9%)
Total	55,769	61,887	68,643	%11.0	%10.9	10.9%

Source: Management Information

Incurred but not reported claims are those that are expected to be reported after the statement of financial condition date and for which the insured event occurred prior to the statement of financial condition date. In general, the claims incurred but not reported were concentrated in the motors sector which is the main activity of the Company. Fluctuations in these balances are affected by the volume of business movement and loss rates in general.

6.6.2.10 End of Service Benefit

The following table indicates the details of the end of service benefits as of December 31, 2018G, 2019G and 2020G.

Table No. (62): End of Service Benefits

,000 SAR	Fiscal year ended December 31			Increase/(decrease)		
	2018G (Audited)	2019G (Audited)	2020G (Audited)	December 2019G	December 2020G	CAGR – 2018G – 2020G
Balance at the beginning of the year	8,287	9,789	12,011	%18.1	%22.7	20.4%
charged to the income statement	1,719	2,268	2,243	%31.9	(%1.1)	14.2%
Charged to the statement of other comprehensive income	360	471	233	%30.8	(%50.5)	(19.5%)
Benefits paid during the year	(577)	(517)	(481)	(%10.4)	(%7.0)	(8.7%)
Balance at the end of the year/period	9,789	12,011	14,006	%22.7	%16.6	19.6%

Source: Audited financial statements for the fiscal years 2018G, 2019G and 2020G

The Company adopts an end-of-service benefits plan for employees in accordance with the applicable Saudi labor regulations. Accruals are determined based on actuarial valuation using the unit-accrued estimation method with the obligation to make benefit payments as they fall due.

End of service benefits increased by 22.7% from SAR 9.8 million as of December 31, 2018G to SAR 12.0 million as of December 31, 2019G. This increase was mainly due to the persistence of the senior management members of the Company which led to the period increase. The end of service benefit also increased by 16.6% to 14.0 million Saudi Riyals as of December 31, 2020G. This increase is mainly due to the end-of-service benefits associated with the senior management members of the Company.

6.6.2.11 Lease Obligations

Rental commitments amounting to 7.1 million Saudi Riyals as on December 31, 2019G and 5.0 million Saudi Riyals as on December 31, 2020G are related to the rents of the Company's offices. These liabilities have been recorded as separate items after adopting IFRS 16 for recording lease contracts.

6.6.2.12 Surplus from insurance operations

The distribution of the due surplus represents the net surplus from insurance operations due to insurance policyholders, as the Company is required to distribute 10% of the net surplus from insurance operations to policyholders and allocate the remaining 90% to its shareholders in accordance with the Insurance Law and its Implementing Regulations issued by SAMA.

The surplus from insurance operations increased by 9.6% from SAR 5.5 million as on December 31, 2018G to SAR 6.0 million as on December 31, 2019, and the surplus from insurance operations continued to rise by 7.1% to SAR 6.4 million as on December 31, 2020G. The increase in the surplus from insurance operations as on December 31, 2019G and 2020G was mainly driven by achieving a surplus from motor insurance operations.

6.6.2.13 Zakat and income tax due

The provision for zakat and income tax represents zakat entitlements that are paid to the Zakat, Tax and Customs Authority.

The provision for zakat and income tax due increased by 65.9% from 5.1 million Saudi Riyals as of December 31, 2018. To 8.5 million Saudi Riyals as of December 31, 2019G. This increase was mainly as a result of taking reserve provisions to avoid paying a large amount once during the same year. The provision for zakat and income tax also continued to rise by 29.5% to 11.0 million Saudi Riyals as of December 31, 2020G. This increase is mainly due to the increase in provisions.

6.6.2.14 Commission payable on the statutory deposit

Based on the instructions of SAMA and according to their letter dated March 1, 2016, the Company presents the resulting commission on the statutory deposit as assets and liabilities in the financial statements.

6.6.3 Shareholders' Equity

The following table indicates details of equity for the fiscal years ending on December 31, 2018G, 2019G and 2020G.

Table No. (63): Shareholders' Equity

,000 SAR	Fiscal year ended December 31			Increase/(decrease)		
	2018G (Audited)	2019G (Audited)	2020G (Audited)	December 2019G	December 2020G	CAGR – 2018G – 2020G
Capital	200,000	200,000	141,000	-	(%29.5)	(16.0%)
Retained earnings / (accumulated losses)	(61,233)	(59,514)	(1,431)	(%2.8)	(%97.6)	(84.7%)
Investment fair value reserve	(759)	3,973	7,126	N/A	%79.4	N/A
End of service gratuity remeasurement reserve	(360)	(831)	(1,064)	-	%28.0	71.9%
Total Equity	137,648	143,628	145,631	%4.3	%1.4	2.9%

Source: Audited financial statements for the fiscal years 2018G, 2019G and 2020G

6.6.3.1 Capital

The paid-up capital of the Company amounted to 200.0 million Saudi Riyals as on December 31, 2018 and 2019G, divided into 20 million shares at a value of 10 Saudi Riyals per share. The Company's capital was reduced to 141.0 million Saudi Riyals during 2020G, divided into 5.9 million shares by settling the accumulated losses, as one share was reduced for every 3,3898 shares owned by shareholders following the approval of the General Assembly held on August 26, 2019G for the purpose of restructuring the Company's capital in order to meet compliance with corporate law.

It is worth noting that the board of directors later recommended an increase in the Company's capital, and on January 16, 2020G, the Company obtained the approval of SAMA (SAMA) to increase the Company's capital through the issuance of rights issue with a total value of 150.0 million Saudi Riyals.

6.6.3.2 Retained Earnings / (Accumulated Losses)

The Company recognized accumulated losses for the period from 2018 to 2020G. The accumulated losses recorded by the Company amounted to 61.2 million Saudi Riyals as on December 31, 2018G, 59.5 million Saudi Riyals as on December 31, 2019G and 1.4 million Saudi Riyals as on December 31, 2020G, as a result of the annual losses recorded by the Company.

6.6.3.3 Investments fair value reserve

The investment fair value reserve relates to the Company's investments in available-for-sale investments that include investments in sukuk and listed and unlisted securities, in addition to units owned by the Company in a local listed real estate fund.

6.6.3.4 Employees' End of Service Benefit Remeasurement Reserve

The employee end of service benefits remeasurement reserve that was recorded at a value of SAR 0.4 million, SAR 0.8 million and SAR 1.1 million as at December 31, 2018G, December 31, 2019G and December 31, 2020G was associated with the employee benefit obligation measured according to actuarial valuations under the method Projected credit unit.

6.6.3.5 Related Parties' Transactions and Balances

The following table indicates details of related party transactions for the fiscal years ending on December 31, 2018G, 2019G and 2020G.

Table No. (64): Related Party Transactions

,000 SAR	Nature of the Transaction	Fiscal year ended December 31			Increase/(decrease)		CAGR – – 2020G
		2018G (Audited)	2019G (Audited)	2020G (Audited)	December r 2019G	December r 2020G	
ABIAT, Zuhair Gassem Associates, Architecture & Engineering Consultants	Written premiums	58	2	-	(%96.6)	(%100.0)	(%100.0)
	Paid Claims	(106)	(69)	(13)	(%34.9)	(%81.2)	(%65.0)
Fuji Saudi Arabia for Elevators and Escalators Co. Ltd.	Written premiums	928	1	-	(%99.9)	(%100.0)	(%100.0)
	Paid Claims	(713)	(936)	(232)	%31.3	(%75.2)	(%43.0)
Gulf Elevators & Escalators Co. Ltd.	Written premiums	372	(5)	-	(%101.3)	(%100.0)	(%100.0)
	Paid Claims	(232)	(398)	(97)	N/A	(%75.6)	(%35.3)
Mayar Holding Company	Written premiums	229	18	(26)	(%92.1)	(%244.4)	N/A
	Paid Claims	84	(93)	(99)	(%210.7)	%6.5	N/A
Taya Agriculture Feed Company Factory	Written premiums	262	44	142	(%83.2)	%222.7	(%26.4)
	Paid Claims	85	(161)	(27)	(%289.4)	(%83.2)	N/A
Taya Real Estate Company	Written premiums	214	54	11	(%74.8)	(%79.6)	(%77.3)
	Paid Claims	26	(185)	(55)	N/A	(%70.3)	N/A
Taya Holding Company	Written premiums	220	27	-	(%87.7)	(%100.0)	(%100.0)
	Paid Claims	307	(443)	(82)	(%244.3)	(%81.5)	N/A
General Real Estate Investment Business Co.	Written premiums	113	5	-	(%95.6)	(%100.0)	(%100.0)
	Paid Claims	135	(115)	(5)	(%185.2)	(%95.7)	N/A
Alhuda Charity Organization	Written premiums	50	4	-	(%92.0)	(%100.0)	(%100.0)
	Paid Claims	27	(49)	(6)	(%281.5)	(%87.8)	N/A
Saudi Wings Travel & Tours Company	Written premiums	17	1	-	(%94.1)	(%100.0)	(%100.0)
	Paid Claims	8	(33)	(3)	N/A	(%90.9)	N/A
Taya Agricultural Company	Written premiums	406	145	-	(%64.3)	(%100.0)	(%100.0)
	Paid Claims	161	(188)	-	(%216.8)	(%100.0)	(%100.0)
Abdulkader Al Bakri and Sons holding Company	Written premiums	-	-	-	N/A	N/A	N/A
	Paid Claims	-	-	-	N/A	N/A	N/A
Saudi Drip Irrigation System Co. Ltd	Written premiums	300	133	-	(%55.7)	(%100.0)	(%100.0)
	Paid Claims	174	(863)	(49)	N/A	(%94.3)	N/A
Red Sea Navigation Co.	Written premiums	24	72	69	%200.0	(%4.2)	%69.6
Sulaiman Abdullah Abdulkarim Al Khuraiji Engineering Consulting Office	Written premiums	49	-	-	N/A	N/A	(%100.0)
	Paid Claims	7	-	-	N/A	N/A	(%100.0)
Arabian Gulf for Maintenance & Contracting Company	Written premiums	68	24	16	(%64.7)	(%33.3)	(%51.5)
	Paid Claims	46	9	-	(%80.4)	(%100.0)	(%100.0)
Abdullah Bin Rayes Foundation	Written premiums	4	15	72	%275.0	%380.0	%324.3
	Paid Claims	1	(28)	(19)	N/A	(%32.1)	N/A

Al-Bahar Scientific Company	Written premiums	24	24	-	-	(%100.0)	(%100.0)
Edama Facilities Management, Maintenance and operation Co.	Written premiums	26	2	-	(%92.3)	(%100.0)	(%100.0)
	Paid Claims	8	(25)	-	(%412.5)	(%100.0)	(%100.0)
Namaa Real Estate Company	Written premiums	29	19	-	(%34.5)	(%100.0)	(%100.0)
	Paid Claims	10	(45)	(2)	(%550.0)	N/A	N/A
Valley and Partner Real Estate Appraisal Co.	Written premiums	18	1	-	(%94.4)	(%100.0)	(%100.0)
	Paid Claims	5	(5)	(3)	(%200.0)	(%40.0)	N/A
VEON Company	Written premiums	-	53	-	N/A	(%100.0)	N/A
	Paid Claims	-	-	(80)	N/A	N/A	N/A
Dr. Youssef Al Sudan	Written premiums	5	-	-	N/A	N/A	(%100.0)
Eng. Thamer bin Abdullah bin Rais	Written premiums	3	4	-	%33.3	(%100.0)	(%100.0)
Dr. Abdul Latif Al Sheikh	Written premiums	1	1	1	-	-	-
Mr. Hisham Muhammad Abdullah Al-Sharif and his family	Written premiums	41	30	50	(%26.8)	%66.7	%10.4
Gulf Elevators & Escalators Company	Written premiums	-	116	-	N/A	(%100.0)	N/A
	Paid Claims	-	(25)	-	N/A	(%100.0)	N/A
Nouf Saud Al-Haqbani	Written premiums	-	4	-	N/A	(%100.0)	N/A
Adel Jamjoom	Written premiums	-	-	6	N/A	N/A	N/A
ACIG Bahrain – Shareholder	Payment of claims on behalf of ACIG Bahrain	(1,440)	-	-	N/A	N/A	(%100.0)

Source: Audited financial statements for the fiscal years 2019G and 2020G and Management Information

The Company's related parties included a number of associate companies who are related to the Substantial Shareholders, directors and key management personnel of the Company and who are the principal owners or jointly control and are greatly affected by it. Pricing policies and terms of these transactions are approved by the Company's management and the Board of Directors.

The following table indicates details of related party balances as of December 31, 2018G, 2019G and 2020G.

Table No. (65): Balances of Related Parties

,000 SAR	Nature of the Transaction	Fiscal year ended December 31			Increase/(decrease)		CAGR – 2018G – 2020G
		2018G (Audited)	2019G (Audited)	2020G (Audited)	December 2019G	December 2020G	
ABIAT, Zuhair Gassem Associates, Architecture & Engineering Consultants	Written premiums	61	75	77	%23.0	%2.7	%8.8
	Paid Claims	-	(13)	(1)	N/A	(%92.3)	N/A
Fuji Saudi Arabia for Elevators and Escalators Co. Ltd.	Written premiums	652	1,275	1,048	%95.6	(%17.8)	%18.8
	Paid Claims	-	(180)	(100)	N/A	(%44.4)	N/A
Gulf Elevators & Escalators Co. Ltd.	Written premiums	417	575	570	%37.9	(%0.9)	%12.0
	Paid Claims	-	(50)	(36)	N/A	(%28.0)	N/A
Mayar Holding Company	Written premiums	48	200	177	%316.7	(%11.5)	%60.7
	Paid Claims	-	(11)	(1)	N/A	(%90.9)	N/A
Taya Agriculture Feed Company Factory	Written premiums	121	258	131	%113.2	(%49.2)	%2.9
	Paid Claims	-	(4)	(16)	N/A	%300.0	N/A
Taya Real Estate Company	Written premiums	132	99	3	(%25.0)	(%97.0)	(%74.7)
	Paid Claims	-	(3)	(15)	N/A	%400.0	N/A
Taya Holding Company	Written premiums	184	300	-	%63.0	(%100.0)	(%100.0)
	Paid Claims	-	(13)	(37)	N/A	%184.6	N/A

General Real Estate Investment Business Co.	Written premiums	91	122	66	%34.1	(%45.9)	(%11.0)
	Paid Claims	-	(12)	(1)	N/A	(%91.7)	N/A
Alhuda Charity Organization	Written premiums	-	35	-	N/A	(%100.0)	N/A
	Paid Claims	-	(1)	(2)	N/A	%100.0	N/A
Saudi Wings Travel & Tours Company	Written premiums	16	12	3	(%25.0)	(%75.0)	(%45.6)
	Paid Claims	-	-	(1)	N/A	N/A	N/A
Taya Agricultural Company	Written premiums	258	300	35	%16.3	(%88.3)	(%51.6)
	Paid Claims	-	(22)	(4)	N/A	(%81.8)	N/A
Abdulkader Al Bakri and Sons holding Company	Written premiums	2	-	-	(%100.0)	N/A	(%100.0)
	Paid Claims	(200)	(200)	(200)	-	-	-
Saudi Drip Irrigation System Co. Ltd	Written premiums	4	28	-	%600.0	(%100.0)	(%100.0)
	Paid Claims	-	(13)	(36)	N/A	%176.9	N/A
Red Sea Navigation Co.	Written premiums	-	26	-	N/A	(%100.0)	N/A
	Paid Claims	-	-	-	N/A	N/A	N/A
Arabian Gulf for Maintenance & Contracting Company	Written premiums	-	65	65	N/A	-	N/A
	Paid Claims	-	-	-	N/A	N/A	N/A
Abdullah Bin Rayes Foundation	Written premiums	-	4	20	N/A	%400.0	N/A
	Paid Claims	-	(8)	-	N/A	(%100.0)	N/A
Edama Facilities Management, Maintenance and operation Co.	Written premiums	-	19	2	N/A	(%89.5)	N/A
	Paid Claims	-	-	-	N/A	N/A	N/A
Namaa Real Estate Company	Written premiums	-	21	2	N/A	(%90.5)	N/A
	Paid Claims	-	-	-	N/A	N/A	N/A
Valley and Partner Real Estate Appraisal Co.	Written premiums	-	13	-	N/A	(%100.0)	N/A
	Paid Claims	-	-	-	N/A	N/A	N/A
VEON Company	Written premiums	-	-	42	N/A	N/A	N/A
	Paid Claims	-	-	-	N/A	N/A	N/A
Mr. Hisham Muhammad Abdullah Al-Sharif and his family	Written premiums	-	-	-	N/A	N/A	N/A
	Paid Claims	-	(5)	-	N/A	(%100.0)	N/A
ACIG Bahrain – Shareholder	Payment of claims on behalf of ACIG Bahrain	2,247	2,391	1,860	%6.4	(%22.2)	(%6.6)
Board of Directors	Written premiums	-	-	2,239	N/A	N/A	N/A
	Paid / (Received) Claims	-	-	(450)	N/A	N/A	N/A

Source: Audited financial statements for the fiscal years 2018G, 2019G and 2020G

Affiliate companies and related individuals

The debit balances due from affiliate companies and individuals related to the Premiums written during the period between December 31, 2018 and December 31, 2020G. While the credit balances to affiliate companies and individuals were related to the claims paid during the period between December 31, 2018G and December 31, 2020G. As mentioned before, pricing policies and terms of these transactions are approved by the Company's management and the Board of Directors.

ACIG Bahrain - Shareholder

These debit balances constitute amounts paid by the Company on behalf of ACIG Bahrain.

6.7 Cash Flows

The following table indicates the cash flow details for the fiscal years ending on December 31, 2018G, 2019G and 2020G.

Table No. (66): Cash Flows

,000 SAR	Fiscal year ended December 31			Increase/(decrease)		
	2018G (Audited)	2019G (Audited)	2020G (Audited)	December 2019G	December 2020G	CAGR – 2018G – 2020G
Net cash generated from / (used in) operating activities	37,892	(5,111)	(3,058)	N/A	(40.2%)	N/A
Net cash (used in) / generated from investing activities	(21,995)	2,279	75,990	(%110.4)	3,234.4%	N/A
Net cash (used in) / generated from financing activities	-	(13,184)	(2,435)	N/A	(%81.5)	N/A
Change in cash balances and cash equivalents	15,897	(16,016)	70,497	(%200.7)	(540.2%)	%110.6
Cash and cash equivalents at the beginning of the year/period	77,598	93,495	77,479	%20.5	(%17.1)	(%0.1)
Cash and cash equivalents at the end of the year/period	93,495	77,479	147,976	(%17.1)	%91.0	%25.8

Source: Audited financial statements for the fiscal years 2018G, 2019G and 2020G

The balance of cash and cash equivalents decreased by 17.1% from cash flows of 93.5 million Saudi Riyals in 2018G to cash flows of 77.5 million Saudi Riyals in 2019G. This decrease resulted from the decrease in net cash for operating activities and its transformation from cash inflows to cash outflows, amounting to 10.7 million Saudi Riyals during the year 2020G.

The balance of cash and cash equivalents increased by 91.0% from 77.5 million Saudi Riyals in 2019G to 148.0 million Saudi Riyals in 2020G. This is mainly due to the increase in net cash for investment activities to cash inflows of 76.0 million Saudi Riyals during 2020G.

6.7.1 Cash flows from operating activities

The following table indicates the details of cash flows from operating activities for the fiscal years ended December 31, 2018G, 2019G and 2020G.

Table No. (67): Operational Activities

,000 SAR	Fiscal year ended December 31			Increase/(decrease)		
	2018G (Audited)	2019G (Audited)	2020G (Audited)	December 2019G	December 2020G	CAGR – 2018G – 2020G
Net income for the period before zakat	3,207	7,640	4,002	%138.2	(%47.6)	%11.7
Adjustments for non-cash items:						
Depreciation of property and equipment	1,867	2,226	1,726	%19.2	(%22.5)	(%3.9)
Amortizing the right to use assets	-	2,758	2,093	N/A	(%24.1)	N/A
Rental finance cost	-	321	287	N/A	(%10.6)	N/A
Amortization of intangible assets	707	914	989	%29.3	%8.2	%18.3
Realized profits on available-for-sale investments	(2,137)	-	-	(%100.0)	N/A	(%100.0)
Provision / Reversal of doubtful debts	7,499	(227)	(4,354)	(%103.0)	N/A	N/A
Impairment of investments available for sale	6,189	-	-	(%100.0)	N/A	(%100.0)
Employees' end of service benefits	1,719	2,268	2,315	%31.9	%2.1	%16.0
Changes in operating assets and liabilities:						
Receivables of insurance departments and reinsurers	(14,552)	6,065	(6,144)	(%141.7)	(%201.3)	(%35.0)
Reinsurance shares of unearned premiums	6,738	1,415	(6,070)	(%79.0)	(%529.0)	N/A
Reinsurance shares of outstanding claims	5,031	825	(2,190)	(%83.6)	(%365.5)	N/A
Reinsurance shares of incurred and unreported claims	595	(593)	(1,423)	(%199.7)	%140.0	N/A
Deferred insurance policy acquisition costs	3,286	(2,107)	(17,502)	(%164.1)	%730.7	N/A
Due from related parties	(144)	631	(225)	(%538.2)	(%135.7)	%25.0
Prepaid expenses and other debit balances	4,108	(15,832)	(13,679)	(%485.4)	(%13.6)	N/A
Reinsurance credit balances	(12,226)	4,965	191	(%140.6)	(%96.2)	N/A
Unearned commission income	446	73	87	(%83.6)	%19.2	(%55.8)
Unearned premiums	12,253	2,353	10,109	(%80.8)	%329.6	(%9.2)

Claims under settlement	4,994	(8,395)	(7,930)	(%268.1)	(%5.5)	N/A
Claims incurred but not reported	5,086	6,118	6,756	%20.3	%10.4	%15.3
Other technical backup	3,756	(80)	766	(%102.1)	N/A	(%54.8)
Receivables and other credit balances	(3,396)	(6,956)	13,817	%104.8	(%298.6)	N/A
Credit policyholders Claims	6,224	(7,235)	8,636	(%216.2)	(%219.4)	%17.8
Backup notification list	-	288	7,208	N/A	2,402.8%	N/A
Total	41,250	(2,565)	(535)	N/A	(%79.1)	N/A
Paid from employees' end of service benefits	(577)	(517)	(553)	(%10.4)	%7.0	(%2.1)
Paid from zakat and income tax	(2,781)	(2,029)	(1,941)	(%27.0)	(%4.3)	(%16.5)
Surplus paid to policyholders	-	-	(29)	N/A	N/A	N/A
Net cash generated from/ (used in) operating activities	37,892	(5,111)	(3,058)	(113.7%)	(%41.2)	N/A

Source: Audited financial statements for the fiscal years 2018G, 2019G and 2020G

Net cash generated from operating activities decreased by 113.7% of net cash inflows of SAR 37.9 million in 2018. To a net cash outflow of 5.1 million Saudi Riyals in 2019G. This is mainly due to the increase in prepaid expenses and other debit balances and the decrease in the claims of credit policyholders and outstanding claims during the year 2019G.

The net cash used in operating activities increased from a cash outflow of 5.1 million Saudi Riyals in 2019G to a cash inflow of 3.1 million Saudi Riyals in 2020G. This positive shift was primarily driven by the rise in claims of credit policyholders, in addition to the rise in receivables and other credit balances during 2020G.

6.7.2 Cash flows from investing activities

The following table indicates the details of cash flows from investment activities for the fiscal years ending on December 31, 2018G, 2019G and 2020G.

Table No. (68): Investment Activities

,000 SAR	Fiscal year ended December 31			Increase/(decrease)		
	2018G (Audited)	2019G (Audited)	2020G (Audited)	December 2019G	December 2020G	CAGR – 2018G – 2020G
property and equipment additions	(3,769)	(379)	(3,442)	(%89.9)	%808.2	(%4.4)
Additions of intangible assets	(1,406)	(1,358)	(732)	(%3.4)	(%46.1)	(%27.8)
Additions of the right to use assets	-	-	(88)			
Proceeds from the sale of property and equipment	2	-	-	(%100.0)	N/A	(%100.0)
Paid for the purchase of available-for-sale investments	(19,738)	(10,218)	-	(%48.2)	(%100.0)	(%100.0)
Proceeds from the sale of investments available for sale	5,155	21,578	5,000	%318.6	(%76.8)	(%1.5)
Proceeds from selling short-term deposits	185,000	-	-	(%100.0)	N/A	(%100.0)
Paid in the purchase of short-term deposits	(187,239)	(7,344)	-	(%96.1)	(%100.0)	(%100.0)
Paid to purchase statutory deposits	-	-	-	N/A	N/A	N/A
Maturity / (Deposit) Term Deposits	-	-	75,252	N/A	N/A	N/A
Net cash (used in) / generated from investing activities	(21,995)	2,279	75,990	(%110.4)	3,234.4%	N/A

Source: Audited financial statements for the fiscal years 2018G, 2019G and 2020G

The net cash used in investing activities decreased by 110.4% from cash outflows of 22.0 million SAR in 2018G to cash inflows of 2.2 million SAR in 2019G. This was primarily driven by proceeds from the sale of restricted short-term deposits during 2018.

The net cash used in investing activities increased to cash inflows of 76.0 million Saudi Riyals in 2020G. This increase was mainly due to the increase in proceeds from the sale of investments available for sale, in addition to the recording of maturity of term deposits.

6.7.3 Cash flows from financing activities

The following table indicates the details of cash flows from financing activities for the fiscal years ending on December 31, 2018G, 2019G and 2020G.

Table No. (69): Financing Activities

,000 SAR	Fiscal year ended December 31			Increase/(decrease)		
	2018G (Audited)	2019G (Audited)	2020G (Audited)	December 2019G	December 2020G	CAGR – 2018G – 2020G
Decrease in statutory deposits	-	(10,000)	-	N/A	(100.0%)	N/A
Paying rent obligations	-	(3,184)	(2,435)	N/A	(23.5%)	N/A
Net cash used in financing activities	-	(13,184)	(2,435)	N/A	(81.5%)	N/A

Source: Audited financial statements for the fiscal years 2018G, 2019G and 2020G

The net cash used in financing activities decreased by 81.5% from cash flows of 13.2 million Saudi Riyals in 2018G to cash flows of 2.4 million Saudi Riyals in 2019G. This was mainly driven by a decrease in statutory deposits during the year 2020G.

The Company did not record any cash flows in financing activities in 2018G

6.8 Contingent Obligations

The Company's potential obligations as of December 31, 2020G included letters of guarantee amounting to SAR 3.0 million issued to motor maintenance agencies related to the management of motor claims.

7 Use of Offering Proceeds and Future Projects

7.1 Net Offering Proceeds

The total proceeds of the rights issue are estimated at one hundred and fifty million (150,000,000) Saudi Riyals, of which about three million (3,000,000) Saudi Riyals will be paid, to cover the costs of the offering, which include the fees of the financial advisor, subscription manager, underwriter, legal advisor, auditor, marketing, printing, distribution and other expenses. Subscription related expenses.

The Net Offering Proceeds will amount to about one hundred and forty-seven million (147,000,000) Saudi Riyals, which will be used mainly to enhance the solvency margin and support the expansion of the Company's activity. The shareholders will not receive any of the proceeds arising from the offering.

The Company will also disclose to the public on the Saudi Stock Exchange (Tadawul) website when there is a difference of (5%) or more between the actual use of the Offering Proceeds versus what was disclosed in this Prospectus as soon as it becomes aware of this. This is in accordance with paragraph (b) of Article (55) of the Rules on Offering Securities and Continuing Obligations, which states that "the issuer must, in the event of any deviation of 5% or more from the planned use of proceeds as set out in the relevant rights issue Prospectus, disclose each such case to the public in the relevant Prospectus as soon as it becomes aware thereof.

7.2 Use of Offering Proceeds

All insurance companies operating in the Kingdom conduct their activities in accordance with the Insurance Companies Control Law and the Implementing Regulations and subsequent amendments issued by SAMA from time to time.

The Net Offering Proceeds will be used mainly to support the expansion of the Company's activity while adhering to the solvency requirements imposed by SAMA, as this will be done through the use of the proceeds of the subscription in investments and financial deposits, and will also be used to finance the increase in the statutory deposit imposed on the Company by SAMA, due to the increase in the Company's capital. The shareholders will not receive any of the proceeds arising from the offering.

The following table indicates the expected use of the Offering Proceeds:

Table No. (70): Expected Use of Subtraction Proceeds

Description	Amount (in thousands Saudi Riyals)
Total Offering Proceeds	150,000
Offering costs (2.00% of the total Offering Proceeds)	(3,000)
Net Offering proceeds	147,000
Increasing the statutory deposit (15% of the total offering proceeds)	22,500
Financial investments (83.00% of the total offering proceeds)	124,500

Source: The Company

The Company will use the offering proceeds as follows:

7.2.1 Using the Net Offering Proceeds to increase the statutory deposit

In accordance with Article Fifty-eight (58) of the Implementing Regulations of the Cooperative Insurance Companies Control Law issued by SAMA, the statutory deposit ratio must be ten percent (10%) of the paid-up capital, and SAMA may raise this percentage to a maximum of fifteen percent (15%) according to the risks faced by the Company. In accordance with the letter of SAMA No. (89/8223) dated 23/03/1441H (corresponding to 20/11/2019G), SAMA decided to require the Company to raise the statutory deposit ratio from ten percent (10%) previously to fifteen (15%) of The Company's capital, and accordingly the Company will allocate twenty-two million five hundred thousand Saudi Riyals (SAR 22,500,000) from the total Offering Proceeds as a statutory deposit. After increasing the Company's capital from one hundred and forty-one million Saudi Riyals (SAR 141,000,000)

to two hundred and ninety-one million Saudi Riyals (SAR 291,000,000), and as at the date of this Prospectus, the statutory deposit account is thirty million (30,000,000) Saudi Riyals, before reducing The Company's capital is from two hundred million (200,000,000) to one hundred and forty-one million (141,000,000) Saudi Riyals. The Company has not addressed SAMA after reducing its capital to adjust the amount of the deposit. The Company intends to address SAMA to amend the statutory deposit ratio after the process of increasing its capital.

7.2.2 Using the Net Offering Proceeds in financial investments

The Company will use the sums of Offering Proceeds allocated for medium and long-term investments and financial deposits, in addition to increasing and diversifying the Company's investment portfolio, which is invested in investment funds, sukuk and equity shares in the Kingdom. The Company intends to allocate an amount of one hundred twenty-four million five hundred thousand Saudi Riyals (SAR 124,500,000). The Company intends to make investments and financial deposits as soon as the capital increase process is completed, and the amounts will be distributed to investment channels in accordance with Article Sixty-first (61) of the Implementing Regulations of the Cooperative Insurance Companies Control Law, which states the following:

- 1) The Company shall, when formulating its investment policy, take into consideration that the maturity period for the invested assets is in concurrence with its liabilities according to the issued policies. The Company shall provide the Agency with an investment policy inclusive of assets distribution. If such investment policy was not approved by the Agency, the Company shall adhere to the investment standards in Table (1) of the Implementing Regulations, provided that investments outside the Kingdom shall not exceed 20% of the total investment, while adhering to what was stated in paragraph (2) of Article Fifty-Nine (59), which stipulates that the investment in riyals shall amount to (50%) fifty percent of the total investment. Assets available for investment, and if the Company wishes to reduce this percentage, a prior written approval must be obtained from SAMA.
- 2) The Company shall take into consideration the risks of investment concentration so that the concentration percentage does not exceed (50%) fifty percent of each investment instrument in Table No. (1) of the Implementing Regulations.

Article Sixty-Two (62) of the Implementing Regulations of the Cooperative Insurance Companies Control Law, which states that the Company shall not use financial instruments, such as derivatives and off-balance-sheet items, other than for efficient portfolio management and with the Agency's written approval. The Company is permitted to invest in such instruments when these conditions are met:

- 1) Such derivatives must be listed on a financial exchange, are capable of being readily closed out, are based on underlying admissible assets and have a prescribed pricing basis.
- 2) The Company has set aside assets that can be used to settle any obligations under these derivatives and set adequate provisions for any adverse changes on the derivatives and their coverage.
- 3) The counter party must be reputable and in an acceptable financial condition.

7.2.3 Using the Net Offering Proceeds to raise the solvency margin

The Company aims to raise its capital from one hundred and forty-one million Saudi Riyals (SAR 141,000,000) to two hundred and ninety-one million Saudi Riyals (SAR 291,000,000), in order to enhance the solvency margin and support the expansion of the Company's activity.

The Implementing Regulations of the Cooperative Insurance Companies Control Law require the maintenance of a minimum amount of inclusive net assets in calculating the solvency margin, the requirement is translated into the need to maintain a minimum full cover (100%) of the solvency margin (Net assets included in the solvency account divided by the minimum solvency margin).

SAMA requires insurance companies to evaluate their net assets for the purpose of calculating the net assets that can be included in the solvency account according to specific tables and percentages of inclusion from SAMA, provided that the following is taken into account in accordance with Article Sixty-fifth (65) of the Implementing Regulations of the Cooperative Insurance Companies Control Law:

- 1) Market value shall not be exceeded in the valuation process and all assets linked to the Investment part of the Protection and Savings insurance policy shall be excluded.
- 2) Maximum limit of 20% of the total assets value in any one-asset category.

Article 66 of the Implementing Regulations of the Cooperative Insurance Companies Control Law provides that the Company, in respect to its general and health insurance business, shall maintain a margin of solvency equivalent to the highest of the three methods specified in SAMA Regulations:

- 1) The minimum capital of one hundred million Saudi Riyals (SAR 100,000,000) for an insurer and two hundred million Saudi Riyals (SAR 200,000,000) for a reinsurer or an insurer operating in reinsurance;
- 2) Gross Written Premiums; or
- 3) Claims.

The details of the solvency margin as on December 31, 2018 and 2019G are as follows:

Table No. (71): Solvency Margin

Amount	December 31, 2018G	December 31, 2019G	December 31, 2020G
Minimum capital requirement	100,000	100,000	100,000
Total premium solvency margin	87,746	92,311	89,710
Claims solvency margin	75,839	75,948	56,590
Maximum required solvency margin for the Company	100,000	100,000	100,000
Net assets admissible in the solvency margin	99,776	95,099	100,341
Solvency Margin Cover (%)	99.8%	93.7%	%100.3

Source: The Company

As on December 31, 2019, the Company did not comply with the minimum solvency margin cover imposed by SAMA of (100%), as the solvency margin cover reached (93.7%), which required the Company to increase the capital to meet the requirements of the minimum required solvency margin cover.

The expected contributions of the Net Offering Proceeds in maintaining the capital requirements imposed on the Company by SAMA during the next five years are as follows:

Table No. (72): Expected contributions to the Net Offering Proceeds

Amount	Years				
	December 31, 2021G (Estimated)	December 31, 2022G (Estimated)	December 31, 2023G (Estimated)	December 31, 2024G (Estimated)	December 31, 2025G (Estimated)
Minimum capital requirement	100,000	100,000	100,000	100,000	100,000
Total premium solvency margin	89,341	103,141	115,208	129,722	146,305
Claims solvency margin	76,000	77,000	78,000	79,000	80,000
Maximum required solvency margin for the Company	103,295	110,959	105,571	108,324	117,501
Net assets admissible in the solvency margin	203,295	214,101	220,779	238,046	263,807
Solvency Margin Cover (%)	203.3%	207.6%	191.6%	183.5%	180.3%

Source: The Company

8 Expert Statements

All consultants whose names appear on pages (vi) and (vii) of this Prospectus have given their written consent to the reference to their and logos and to the publication of their statements in this Prospectus, and none of them has withdrawn its consent until the date of this Prospectus.

All consultants and their employees — within the work team that provides services to the Company — or their relatives do not own any shares and none of them have any interest of any kind in the Company, which may affect their independence as on the date of this Prospectus.

9 Declarations

As of at the date of this Prospectus, Board members declare that:

1. There has been no interruption in the business of the Company which may have had a significant effect on its financial condition in the last 12 months
2. No commissions, discounts, brokerage fees or other non-cash compensations were granted by the Company within the three years immediately preceding the application for listing the securities in connection with the issue or sale of any securities.
3. There was no fundamental negative change in the financial and commercial position of the Company during the three years immediately preceding the date of the application for listing the securities subject to this Prospectus, in addition to the period covered by the report of the auditor until the adoption of this Prospectus.
4. Except as disclosed in pages (iv, 46) of this Prospectus, Board members or any of their relatives do not have shares or interests of any kind in the Company.
5. The Company did not maintain treasury shares, and the Company's EGM did not approve the purchase of the Company's shares.

10 Legal Information

10.1 Company Name

The Company was registered in the commercial register of joint stock companies in Riyadh under the trade name " Allied Cooperative Insurance Group".

10.2 Establishment of the Company and stages of capital development

- "Allied Cooperative Insurance Group" is a Saudi Public Joint-Stock Company incorporated in accordance with Cabinet Resolution No. (233) issued on 16/09/1427H (corresponding to 09/10/2006G), Royal Decree No. (M/60) issued on 18/09/1427H (corresponding to 11/10/2006G), and the Ministry of Investment License No. (11202910778-01) dated 28/05/1426H (corresponding to 05/07/2005G). The Company operates under Commercial Registration No. (1010417178) issued in Riyadh on 09/08/1428H (corresponding to 22/08/2007G), while the Company's head office is located in Riyadh, and its address is Hittin District – Prince Turki bin Abdulaziz Road – P.O. Box 40523 Riyadh 11511, Kingdom of Saudi Arabia.
- On 14/08/1428H (corresponding to 27/08/2007G), the entire shares of the Company were listed in the Saudi Stock Exchange (Tadawul) with ten million (10,000,000) Ordinary Shares and a nominal value of ten Saudi Riyals (SAR 10) by offering them for public subscription. Founding shareholders subscribed (60%) of the Company's shares amounting to six million (6,000,000) Ordinary Shares with a total value of sixty million Saudi Riyals (SAR 60,000,000) of equal value, each valued at ten Saudi Riyals (SAR 10), while public subscribed (40%) of the Company's shares amounting to four million (4,000,000) Ordinary Shares, with a total value of forty million Saudi Riyals (SAR 40,000,000) of equal value, each of which is valued at ten Saudi Riyals (SAR 10).
- On 15/05/1430H (corresponding to 11/05/2009G), the Company obtained the permit of SAMA No. (TMN/21/20095) to practice insurance activity in the two branches of general insurance and health insurance in accordance with the provisions of the Cooperative Insurance Companies Control Law and its Implementing Regulations. This license was renewed on 10/02/1442H (corresponding to 27/09/2020G) for a period of three years starting from 13/05/1442H (corresponding to 28/12/2020G) and ending on 12/05/1445H (corresponding to 26/11/2023G).
- On 17/10/1433H (corresponding to 04/09/2012G), the Extraordinary General Assembly approved the recommendation of the Board of Directors to increase the Company's capital from one hundred million Saudi Riyals (SAR 100,000,000) to two hundred million Saudi Riyals (SAR 200,000,000), and thus increase the number of the Company's shares from ten million (10,000,000) Ordinary Shares to twenty (20,000,000) Ordinary Shares of equal value, each of which has a value of ten Saudi Riyals (SAR 10), by issuing rights shares of ten million (10,000,000) shares with a nominal value of ten Saudi Riyals (SAR 10) per share.
- On 07/01/1442H (corresponding to 26/08/2020G), the Extraordinary General Assembly agreed to reduce the Company's capital from two hundred million Saudi Riyals (SAR 200,000,000) to one hundred and forty-one million Saudi Riyals (SAR 141,000,000), with a decrease of (29.50%) from the Company's capital, and thus reducing the number of the Company's shares from twenty million (20,000,000) shares to fourteen million and one hundred thousand (14,100,000) shares by canceling five million and nine hundred thousand (5,900,000) shares of the Company's issued shares, after the Company obtained the approval of SAMA on 20/07/1441H (corresponding to 15/03/2020G) to reduce the capital from two hundred million Saudi Riyals (SAR 200,000,000) to one hundred and forty-one million Saudi Riyals (SAR 141,000,000), with a decrease of (29.50%) according to letter No. (41050316) dated 20/07/1441H (corresponding to 15/03/2020G).
- On 14/02/1442H (corresponding to 01/10/2020G), the Company obtained the approval of SAMA to increase the capital from one hundred and forty-one million Saudi Riyals (SAR 141,000,000) to two hundred and ninety-one million Saudi Riyals (SAR 291,000,000) by offering fifteen million (15,000,000) shares, pursuant to letter No. (42008428) dated 14/02/1442H (corresponding to 10/1/2020G).

- On 25/05/1443H (corresponding to 29/12/2021G), the Extraordinary General Assembly agreed to increase the Company's capital by one hundred and forty-one million Saudi Riyals (SAR 141,000,000) to two hundred and ninety-one million Saudi Riyals (SAR 291,000,000), thus increasing the number of the Company's shares from fourteen million one hundred thousand (14,100,000) Ordinary Shares to twenty-nine million one hundred thousand (29,100,000) Ordinary Shares of equal value, the value of each of which is ten Saudi Riyals (SAR 10).

10.3 Capital Amendment

The Company made several amendments to its articles of association after the approval of the shareholders in the Extraordinary General Assembly, as follows:

- On 17/10/1433H (corresponding to 04/09/2012G), the Extraordinary General Assembly agreed to increase the Company's capital by (100%) from one hundred million Saudi Riyals (SAR 100,000,000) to two hundred million Saudi Riyals (SAR 200,000,000), thus increasing the number of the Company's shares from ten million (10,000,000) Ordinary Shares to twenty million (20,000,000) Ordinary Shares of equal value, each of which is valued at ten Saudi Riyals (SAR 10), by issuing rights shares of ten million (10,000,000) shares with a nominal value of ten Saudi Riyals (SAR 10) per share.
- On 21/05/1441H (corresponding to 16/01/2020G), the Extraordinary General Assembly agreed to reduce the Company's capital by (29.50%) from two hundred million Saudi Riyals (SAR 200,000,000) to one hundred and forty-one million Saudi Riyals (SAR 141,000,000) and thus reducing the number of the Company's shares from twenty million (20,000,000) shares to fourteen million and one hundred thousand (14,100,000) shares by canceling five million and nine hundred thousand (5,900,000) shares of the Company's issued shares.

10.4 Company Purposes

- According to Commercial Registration No. (1010417178) dated 09/08/1428H (corresponding to 22/08/2007G), the Company may carry out the following activities: health insurance, general insurance, reinsurance, and insurance agency.
- In accordance with Article No. (3) of the Articles of Association, the Company may carry out the following activities:

Engage in cooperative insurance business in the two branches of general insurance and health insurance, and the Company may undertake all the work that is required to achieve its objectives. The Company conducts its activities in accordance with the Cooperative Insurance Companies Control Law and its Implementing Regulations, the provisions issued by SAMA, and the regulations and rules in force in the Kingdom of Saudi Arabia, after obtaining the necessary licenses from the competent authorities, if any.

The Company has obtained the final approval from SAMA to conduct its insurance activity. For more information (please refer to Subsection (10.7) "Government approvals, licenses and certificates" of this Section)

10.5 Company Term

Article Six (6) of the Articles of Association stipulates that the " Company Term" shall be ninety-nine (99) Gregorian years starting from the date of its registration in the Commercial Register. The Company Term may be extended by a decision issued by the (Extraordinary) General Assembly at least one year before the expiry of this Term. The commercial registry data indicates the expiry of the Company Term on 09/08/1527H (corresponding to 30/06/2077G).

10.6 Board of Directors

10.6.1 Board Formation

The Company shall, in accordance with Article fifteen (15) of its articles of association, be managed by a board of directors consisting of ten (10) members elected by the ordinary general assembly of shareholders for a period not exceeding (3) three years. On 10/09/1440H (corresponding to 15/05/2019G)

the Ordinary General Assembly of shareholders elected the Directors for a new term starting from 13/09/1440H (corresponding to 18/05/2019G) for a period of three years and ending on 16/10/1443H (corresponding to 17/05/2022G). The Board of Directors for the aforementioned session was formed from the following:

Table No. (73): Board Members

Board Members								
The Company's Board of Directors appointed on 13/09/1440H (corresponding to 18/05/2019G) *								
Shares	Position	Membership status	Nationality	Age	Owned shares			
					Direct No.	Ratio	Indirect***** No.	Ratio
Fawaz Mohammed Nasser Al-Sharabi**	Chairman of Board of Directors**	Non-executive Independent	Saudi	48	-	-	-	-
Hussam Talal Amin Ghazzawi***	Deputy Chairman of the Board	Non-executive Non-independent	Saudi	53	705	0.0050000%	-	-
Mohamed Hani Abdel Qader Bakri Al Bakri	Board Member	Non-executive Non-independent	Saudi	63	-	-	-	-
Abdul Latif Muhammad Abdul Rahman Al Sheikh	Board Member	Non-executive Non-independent	Saudi	48	705	0.0050000%	-	-
Adel Mohammed Rashid Jamjoom****	Board Member	Non-executive Non-independent	Saudi	56	23	0.0001631%	-	-
Abdullah Abdulrahman Mohammed Al-Rabdi*****	Board Member	Non-executive Independent	Saudi	48	3,797	0.0269290%	-	-
Mishaal Ibrahim Miteb Al-Otaibi *****	Board Member	Non-executive Independent	Saudi	48	-	-	-	-

Source: The Company

* The Company's Ordinary General Assembly, in its meeting held on 10/09/1440H (corresponding to 15/05/2019G), agreed to elect the Directors for the current session, which starts from 13/09/1440H (corresponding to 18/05/2019G) and for a period of three years ending on the date of 16/10/1443H (corresponding to 17/05/2022G).

** The Company's board of directors decided on 03/07/1442H (corresponding to 15/02/2021G) to appoint Mr. Fawaz Muhammad Nasser Al-Sharabi as Chairman of the Board of Directors instead of Ms. Nouf Saud Naghimish Al-Haqbani, who submitted her resignation on 27/06/1442H (corresponding to 09/02/2021G), and the Company's board of directors had previously decided on 14/04/1442H (corresponding to 29/11/2020G) to appoint Ms. Nouf Saud Naghimish Al-Haqbani as Chairman of the Board of Directors instead of Mr. Thamer Abdullah Mohammed Al Rayes, who submitted his resignation on 19/01/1442H (corresponding to 07/09/2020G), and the Company obtained SAMA's no-objection thereon dated 22/11/1442H (corresponding to 02/07/2021G).

*** The Company's board of directors decided on 14/04/1442H (corresponding to 29/11/2020G) to appoint Mr. Hussam Talal Amin Ghazzawi as Deputy Chairman of the Board of Directors instead of Mr. Tariq Abdullah Hussein Al-Rumaim, who submitted his resignation on 02/ 03/1442H (corresponding to 19/10/2020G). The Company obtained SAMA's no-objection thereon dated 14/04/1442H (corresponding to 29/11/2020G).

**** The Company's board of directors decided on 22/07/1441H (corresponding to 17/03/2020G) to appoint Mr. Adel Muhammad Rashid Jamjoom as a non-executive member of the board of directors instead of Ms. Zain lyad Al-Imam, who submitted her resignation on 17/ 02/1441H (corresponding to 16/10/2019G), and appoint Mr. Abdullah Abdulrahman Muhammad Al-Rabdi as an independent member of the Board of Directors instead of Mr. Ziad Sami Al-Labban, who submitted his resignation on 23/02/1441H (corresponding to October 22, 2019G), after the Company obtained SAMA's no-objection thereon dated 21/07/1441H (corresponding to 16/03/2020G)

***** The Company's Board of Directors decided on 11/10/1442H (corresponding to 25/05/2021G) to appoint Mr. Mishaal Ibrahim Mutaib Al-Otaibi as an independent member of the Board of Directors. Such approval is not final, and such appointment shall be submitted to the first General Assembly meeting for approval. As of the date of this Prospectus, the Company did not receive a letter of no objection.

***** Board members have no indirect ownership in the Company as on the date of this Prospectus.

The recommendation was made by members of board of directors whose names are mentioned above (in addition to Mr. Thamer bin Abdullah bin Rayes, Mr. Tariq bin Abdullah Al-Rumaim, Ms. Nouf Saud Al-Haqbani, Mr. Hisham Muhammad Al-Sharif, with the exception of Mr. Adel Muhammad Rashid Jamjoom, and Mr. / Abdullah Abdul Rahman Al-Rabdi, and Mr. Mishaal Mutaib Al-Otaibi, who were appointed after the date of being recommended as members of board of directors as explained above). On 05/21/1441H (corresponding to 01/16/2020G), the Board of Directors recommended to increase the Company's capital through rights from one hundred and forty-one million Saudi Riyals (SAR 141,000,000) to two hundred and ninety-one million Saudi Riyals (SAR 291,000,000), with an increase of 106.38%, thus increasing the number of the Company's shares from fourteen million one hundred thousand (14,100,000) Ordinary Shares to twenty-nine million one hundred thousand (29,100,000) Ordinary Shares.

The Company abides by the Companies Law and the Governance Regulations issued by the Board of Directors of the Capital Market Authority and the Insurance Companies Governance Regulations issued by the Saudi Central Bank, as the Company's articles of association stipulate that the number of board members must be ten members elected by the Ordinary General Assembly for a period not exceeding three years. The Corporate Governance Regulation also shows the Company's commitment to Article (16) of the Corporate Governance Regulations, which obligate listed companies to have the majority of the board's members from non-executive members and that the number of its independent members shall not be less than two members or less than one third of the members of the Board (whichever is more), and therefore the Company shall abide by Clause (54) of the Insurance Companies Governance Regulations. Currently, most of the Directors of the United Cooperative Insurance Group, and there are five independent members out of ten members on the board.

10.6.2 Chairman, Deputy President and Secretary

The Company is committed to the articles of association and governance regulations issued by the Board of Directors of the CMA and the Insurance Companies Governance Regulations issued by SAMA in terms of mandatory appointment in these positions. The Company's board of directors agreed on 03/07/1442H (corresponding to 15/02/2021G) to appoint Mr. Fawaz Muhammad Nasser Al-Sharabi instead of the Chairman of the Board of Directors, Mrs. Nouf Saud Naghimish Al-Haqbani, who submitted her resignation on 27/06/1442H (corresponding to 02/09/2021G), and the Board of Directors had previously decided on 14/04/1442H (corresponding to 29/11/2020G) to appoint Ms. Nouf Saud Naghimish Al-Haqbani as Chairman of the Company's Board of Directors, instead of the former Chairman of the Board, Eng. Thamer bin Abdullah bin Rayes, who submitted his resignation on 19/01/1442H (corresponding to 07/09/2020G), The Board also approved to appoint Mr. Hossam Talal Amin Ghazzawi as Deputy Chairman of the Board of Directors, instead of the former Deputy Chairman of the Board, Eng. Tariq bin Abdullah Al-Rumaim, who submitted his resignation on 02/03/1442H (corresponding to 19/10/2020G). The Company did not object to SAMA on 22/11/1442H (corresponding to 02/07/ 2021G). Below are the positions of the Board of Directors.

Table No. (74): Positions of the Board of Directors

Name of the person assigned	Position
Fawaz Mohammed Nasser Al-Sharabi	Chairman of Board of Directors*
Hossam Talal Amin Ghazzawi	Deputy Chairman of the Board
Firas Mohammed Al-Hamdan	Secretary of the Board of Directors

Source: The Company

According to the Company's articles of association, the board of directors has the widest powers in managing the Company in a way that achieves its objectives, and within the limits of its competence, it may delegate one or more of its members or third parties to carry out certain work or businesses – in a manner that does not conflict with the relevant laws and regulations. The Chairman of the Board of Directors shall have the following duties, powers and competencies:

- Represent the Company in its relations with third parties, governmental and private agencies, police departments, chambers of commerce and industry, all companies and institutions, banks, commercial banks, money houses, all government finance funds and institutions of various names and specializations, and other lenders.
- Discharge the Company's debtors from their obligations.
- Enter into tenders, and buy, sell and mortgaging real estate.
- The Chairman of the Board of Directors shall also have the following duties, powers and competencies:
- The right to contract and sign in the name and on behalf of the Company, all types of contracts, policies and documents, including but not limited to; memoranda of association of companies in which the Company is involved with all its amendments, appendices and amendment decisions;

sign agreements and instruments before the notary public and official authorities, as well as loan agreements, guarantees, warranties and instruments for the sale and purchase of real estate.

- f) Issue power of attorneys on behalf of the Company, and to sell, buy, transfer of property, and accept the same; receipt, delivery, rent, lease, collection and payment.
- g) Open accounts and credits, withdraw and deposit with banks, and issue guarantees to banks, funds and government financing institutions in the name of the Company.
- h) Sign all papers, promissory notes, cheques, all commercial papers, policies and all banking transactions.
- i) Represent the Company before the courts, arbitral tribunals and third parties, as well as to implement the decisions of the Board.
- j) Open the Company's branches after obtaining SAMA's no-objection.
- k) Obtain and renew commercial records for the Company, to participate in the Chamber of Commerce and renew the membership, obtain and renew licenses for the Company, obtain and renew main and subsidiary commercial records and make amendments thereto, including deleting, adding, changing, modifying or striking off.
- l) Request to obtain and renew licenses of all kinds and make amendments thereto in terms of deleting, adding, changing, modifying or canceling, as well as applying for and renew tradenames.
- m) Open, manage and operate current and investment accounts, investment portfolios and stock portfolios in the name of the Company with all banks inside and outside the Kingdom of Saudi Arabia, close or liquidate the same; withdraw and deposit; sign cheques, open credits and sign all necessary documents.

10.6.3 Board Remuneration

The Board of Directors Remuneration consists of the percentage stipulated in the Company's articles of association. The Board of Directors reports for the year 2019G (which was approved by the (Ordinary) General Assembly on 17/10/1441H (corresponding to 09/06/2020G), and for the year 2018G (which was approved by the (Ordinary) General Assembly) on 10/09/1440H (corresponding to 15/05/2019G), and 2017G (which was approved by the (Ordinary) General Assembly on 13/10/1439H (corresponding to 27/06/2018G), include a comprehensive statement of all that the Directors received during the fiscal year in terms of bonuses, allowances, expenses and other benefits. The aforementioned report also included a statement of what the members of the Council received in their capacity as employees or administrators, or what they received in return for technical, administrative or advisory work. It also includes a statement of the number of Council sessions and the number of sessions attended by each member from the date of the last meeting of the General Assembly. Article (19) of the Company's articles of association (as amended) stipulates that the annual remuneration of the Directors for the services they perform shall be determined in accordance with the provisions of paragraph (1) of Article nineteen of the articles of association. In the event that the Company achieves profits, a percentage equivalent to (10%) of the rest of the net profit may be distributed after deducting the reserves decided by the General Assembly in application of the provisions of the Cooperative Insurance Companies Control Law and the Articles of Association and after distributing a profit to shareholders of no less than (5%) of the Company's paid-up capital, provided that the entitlement to this bonus is proportional to the number of sessions attended by the member, and any estimate to the contrary is void.

The value of the expenses of the Directors for the year ending on December 31, 2017G, amounted to an amount of two million one hundred and forty-eight thousand three hundred (2,148,103) Saudi Riyals, and an amount of two million three hundred and eighty-nine thousand seven hundred and five Saudi Riyals (SAR 2,389,705) for the fiscal year ending on December 31, 2018G, and one million five hundred and fifty-one thousand six hundred and twenty-four Saudi Riyals (SAR 1,551,624) for the fiscal year ending on December 31, 2019G, and an amount of one million four hundred and five thousand five hundred Saudi Riyals (SAR 1,405,500) for the fiscal year ending on December 31, 2020G.

10.6.4 Board Meetings

According to Article (21) of the Company's articles of association, the board shall meet at the Company's headquarters at the invitation of its chairman, and the chairman of the board must call for a meeting when requested by two of the members, and the invitation must be documented in the manner

the board deems fit. Board meetings are held periodically and whenever needed, provided that the number of annual Board meetings is not less than four (4) meetings, so that there is at least one meeting every three months. In accordance with Article (32) of the Corporate Governance Regulations, the Board shall meet periodically at least every three months during one fiscal year. The Board of Directors must also document its meetings, prepare minutes of discussions and deliberations, including the voting operations that took place, and classify and save the same so that they can be easily referenced.

10.6.5 Board Committees

The Board of Directors shall have (5) five sub-committees. In a previous session, one of the boards had decided to establish Shariah Supervisory Board, and then the board changed its activation by virtue of the fact that the Company provides cooperative insurance services, which in turn conforms to the provisions of Sharia. The active committees today are as follows:

- Audit Committee

The Audit Committee is composed of four (4) members. The members of the Audit Committee were appointed by the (Ordinary) General Assembly held on 06/11/1440H (corresponding to 09/07/2019G) and expires by the end of the current term of the Board of Directors on 16/10/1443H (corresponding to 05/17/2022G), and the Chairman of the Audit Committee was appointed after the recommendation of the Board of Directors in its meeting held on 26/09/1440H (corresponding to 30/05/2019G), and the Company obtained SAMA's no-objection on 22/09/1440H (corresponding to 27/05/2019G). Audit Committee consists of the following members:

Table No. (75): Members of the Audit Committee

Name	Occupation
Abdullah Saleh Marzouq Al-Harbi	Chairman
Nabil bin Abdul-Ilah Muhammad Nassif	Member
Muhammad Masoum Allah Maulana	Member
Abdullah Saleh Abdullah Al-Shubaily	Member

Source: The Company

As at the date of this Prospectus, none of the members of the Audit Committee holds any other positions in the Company, except for the Chairman of the Committee, Mr. Abdullah Saleh Marzouq Al-Harbi, who holds the position of an independent board member.

Tasks and work regulations of the Audit Committee were approved by the Ordinary General Assembly in its meeting held on 28/06/1432H (corresponding to 31/05/2011G), (please see subsection (4.3.1) "Audit Committee", Subsection (3.4) "Company Committees", Section (4) "Company's Organizational Structure").

The Committee held seven (7) meetings during the facial year ending on December 31, 2017G, six (6) meetings during the facial year ending on December 31, 2018G, and eight (8) meetings during the facial year ending on December 31, 2019G.

- Nomination and Remuneration Committee

The Nominations and Remunerations Committee is composed of four (4) members*. The members of the Nominations and Remunerations Committee were appointed by the Board of Directors in accordance with the decision of the Company's Board of Directors in its meeting held on 25/09/1440H (corresponding to 30/05/2019G), and expires by the end of the current term of the Board of Directors on 16/10/1443H (corresponding to 17/05/2022G), and the Company obtained no-objection letter from SAMA on 29/11/1440H (corresponding to 01/08/2019G) and it consists of the following members:

Table No. (76): Members of the Nomination and Remuneration Committee*

Name	Occupation
Fawaz Mohammed Nasser Al-Sharabi	Chairman
Nayef Abdulaziz Omar Al-Tamimi	Member
Abdul Latif Muhammad Abdul Rahman Al Sheikh	Member

Source: The Company

* The member of the Nominations and Remunerations Committee, Eng. Tariq bin Abdullah Al-Rumaim, submitted his resignation from the membership of the Board of Directors on 02/03/1442H (corresponding to 19/10/2020G) and from his membership in the Nominations and Remunerations Committee, and as at the date of this Prospectus, the Company did not apply for a letter of no objection to appoint a new member to the committee.

The Committee held five (5) meetings during the facial year ending on December 31, 2017G, three (3) meetings during the facial year ending on December 31, 2018G, and three (3) meetings during the facial year ending on December 31, 2019G.

It should be noted that the name of the committee when it was established was the "Governance, Compensation, Nominations and Social Responsibility Committee", and the name of the committee was changed according to Board Resolution No. 9-2019 dated 30/12/2019G to become the new name "Nominations and Remunerations Committee".

- Executive Committee

The Executive Committee consists of five (5) members, and the members of the Executive Committee were appointed by the Board of Directors in accordance with the decision of the Company's Board of Directors in its meeting held on 25/09/1440H (corresponding to 30/05/2019G), and expires by the end of the current term of the Board of Directors on 16/10/1443H (corresponding to 17/05/2022G), and the Company obtained SAMA's no-objection on 29/11/1440H (corresponding to 01/08/2019G) and it consists of the following members:

Table No. (77): Members of the Executive Committee*

Name	Occupation
Mohamed Hani Abdel Qader Bakri Al Bakri	Member
Hossam Talal Amin Ghazzawi	Member
Abdul Latif Muhammad Abdul Rahman Al Sheikh	Member

Source: The Company

* The Chairman of the Executive Committee, Eng. Thamer bin Abdullah bin Rayes, who submitted his resignation on 19/01/1442H (corresponding to 07/09/2020G) from the position of Chairman of the Board of Directors and his chairmanship of the Executive Committee, in addition to a member of the Executive Committee, Mr. Hisham Muhammad Al-Sharif. And who had submitted his resignation from the position of Board Member and CEO on 20/10/1442H (corresponding to 01/06/2021G) and from his membership in the Executive Committee. At the date of this Prospectus, the Company did not receive a no-objection letter.

The Committee held six (6) meetings during the facial year ending on December 31, 2017G, six (6) meetings during the facial year ending on December 31, 2018G, and six (6) meetings during the facial year ending on December 31, 2019G.

- Investment Committee

The Investment Committee is composed of three (3) members, and the members of the Investment Committee were appointed by the Board of Directors in accordance with the decision of the Company's Board of Directors in its meeting held on 25/09/1440H (corresponding to 30/05/2019G), and expires by the end of the current term of the Board of Directors on 16/10/1443H (corresponding to 17/05/2022G), and the Company obtained SAMA's no-objection on 29/11/1440H (corresponding to 01/08/2019G) and it consists of the following members:

Table No. (78): Investment Committee Members*

Name	Occupation
Abdullah Abdul Rahman Muhammad Al-Rabdi	Member

Source: The Company

* It is worth mentioning that the Chairman of the Investment Committee, Eng. Thamer bin Abdullah bin Rayes, who submitted his resignation on 19/01/1442H (corresponding to 07/09/2020G) from the position of Chairman of the Board of Directors and his chairmanship of the Executive Committee, in addition to a member of the Investment Committee, Eng. Tariq bin Abdullah Al-Rumaim, who submitted his resignation from the membership of the Board of Directors on 02/03/1442H (corresponding to 10/19/2020G) and from his membership in the Investment Committee, and a member of the Investment Committee, Mr. Hisham Mohamed Al-Sharif, who submitted his resignation from the position of Board Member and CEO on 20/10/1442H (corresponding to 06/01/2021G) and from his membership in the Investment Committee. The Company obtained a no-objection board member,

Mr. Abdullah Abdul Rahman Muhammad Al-Rabdi as a member of the Investment Committee on 12/03/1442H (corresponding to 10/29/2020G). The Company has submitted to SAMA to obtain a no-objection letter from SAMA to appoint a new member to the committee, and as of the date of this Prospectus, the Company has not obtained a no-objection letter.

- Risk Management Committee

The Risk Management Committee is composed of four (4) members*, and the Members of Risk Management Committee were appointed by the Board of Directors in accordance with the decision of the Company's Board of Directors at its meeting held on 25/09/1440H (corresponding to 30/05/2019G), and expires by the end of the current term of the Board of Directors on 16/10/1443H (corresponding to 17/05/2022G), and the Company obtained a no-objection letter from SAMA on 29/11 1440H (corresponding to 01/08/2019G) and it consists of the following members:

Table No. (79): Members of Risk Management Committee*

Name	Occupation
Hussam bin Talal bin Amin Al-Ghazawi	Chairman
Yusuf bin Abdullah bin Omar Basudan	Member

Source: The Company

* The member of the Risk Management Committee, Eng. Thamer bin Abdullah bin Rayes, who submitted his resignation on 19/01/1442H (corresponding to 07/09/2020G) from the position of Chairman of the Board of Directors and from his chairmanship of the Executive Committee. In addition to a member of the Investment Committee, Eng. Tariq bin Abdullah Al-Rumaim, who submitted his resignation from the membership of the Board of Directors on 02/03/1442H (corresponding to 19/10/202G) and from his membership in the Investment Committee, and the member of the Investment Committee, Mr. Hisham Mohamed Al-Sharif, who submitted his resignation from the position of Board Member and as the CEO on 20/10/1442H (corresponding to 01/06/2021G) and from his membership in the Investment Committee. The Company obtained a no-objection board member, Mr. Abdullah Abdulrahman Muhammad Al-Rabdi, as a member of the Investment Committee on 12/03/1442H (corresponding to 29/10/2020G). The Company applied to obtain SAMA no-objection letter to appoint a new member to the committee, and as of the date of this Prospectus, the Company has not obtained a no-objection letter.

The Company also has an optional additional committee newly formed by the decision of the Board of Directors to assist it in its tasks and serve the interests of shareholders. The composition of this committee is as follows:

- IFRS Oversight Committee

The IFRS Oversight Committee is composed of four (4) members. The members of the IFRS Oversight Committee were appointed by the Board of Directors pursuant to a decision of the Company's Board of Directors at its meeting held on 09/03/1442H (corresponding to 26/10/2020G), and expires by the end of the current term of the Board of Directors on 16/10/1443H (corresponding to 17/05/2022G), and it consists of the following members:

Table No. (80): Members of the IFRS Oversight Committee

Name	Occupation
Fawaz Mohammed Nasser Al-Sharabi	Chairman
Abdullah bin Abdulrahman Muhammad Al-Rabdi	Member
Abdul Latif Muhammad Abdul Rahman Al Sheikh	Member

Source: The Company

10.6.6 Executive Management

The position of Chief Executive Officer is currently occupied by Mr. Muhammad Abdullah Al-Qadi, as of 01/24/1443H (corresponding to 09/01/2021G), and the following table indicates the details of the Company's executive management:

Table No. (81): Executive Management

Name	Position	Nationality	Age	Appointment Date	Owned shares			
					Direct No.	Direct Ratio	Indirect No.	Indirect Ratio
Muhammad Abdullah Al-Qadi*	Chief Executive Officer	Saudi	56	01/08/2021G	-	-	-	-
Muhammad Abdullah Al-Qadi	Head of Operations and Technical Affairs	Saudi	56	01/01/2012G	-	-	-	-
Hassan Awad Hassan Al-Hazmi	Executive Deputy President of Marketing and Sales assigned as Head of Information Technology	Saudi	45	01/07/2009G	-	-	-	-
Shaql Hamid Sharif	Deputy President of Finance and Investment	India	49	13/12/2008G	-	-	-	-
Ammar cut the dish	Assistant CEO – Strategy and Business Development	Saudi	44	03/09/2013G	-	-	-	-
Majed Mohammed Chaudry	Head of Information Security	Saudi	41	01/01/2019G	-	-	-	-
Abdulaziz Frayan Al-Anzi	Executive Deputy President of Automotive Division	Saudi	45	18/06/2017G	-	-	-	-
Firas Mohammed Suleiman Al-Hamdan	Head of Compliance Department	Saudi	36	08/09/2012G	-	-	-	-
The new Moataz Mansour Abdulaziz	Director of Legal Affairs Department	Saudi	36	17/08/2014G	-	-	-	-
Hani Eid Muhammad Rostom	Head of Internal Audit Department	Egypt	52	01/04/2008G	-	-	-	-
Majed Ahmed Hussein Al Yamani	Senior Director of Human Resources and Administration Department	Saudi	36	06/01/2014G	-	-	-	-
Talal Ali Farha Al-Hasani Al-Zahrani	Director of Customer Care Department	Saudi	36	02/02/2013G	-	-	-	-
Abdul Rahman Muhammad Amir Pecha	Risk Manager	India	65	04/12/2012G	-	-	-	-

Source: The Company

*The Company's board of directors decided on 01/23/1443H (corresponding to 08/31/2021G) to appoint Mr. Muhammad Abdullah Al-Qadi as the CEO of the Company in place of the former CEO, Mr. Hisham Muhammad Abdullah Al-Sharif, who submitted his resignation on 10/20/1442H. Corresponding to 01/06/2021G).

10.6.7 Corporate Governance

In accordance with the rules, regulations, and instructions issued by the CMA, in particular the Corporate Governance Regulations issued by the decision of the Council of the CMA pursuant to Resolution No. (8-16-2017G) dated 16/05/1438H (corresponding to 13/02/2017G) based on the Companies Law issued by decree Royal No. (M/3) dated 28/01/1437H (corresponding to 10/11/201G), as amended by the CMA's Council Resolution No. (3-57-2019) dated 15/09/1440H (corresponding to 20/05/2019G), in addition to Insurance Companies Governance Regulations issued by SAMA; A corporate governance guide was developed and approved by the Fourth Ordinary General Assembly (for the second time) in its meeting held on 07/21/1433H (corresponding to 06/11/2012G).

The Company's Corporate Governance Manual was also amended pursuant to the approval of the Ordinary General Assembly held on 07/04/1439H (corresponding to 12/25/2017G).

10.7 Government approvals, licenses and certifications

10.7.1 Schedules of approvals and licenses

The Company (including its subsidiaries) has obtained several legal and operational licenses and certificates from the competent authorities, and these licenses and certificates are renewed periodically, and what has expired is under renewal according to the usual procedures. The Directors acknowledge that the Company has obtained all the necessary licenses and approvals to carry out and continue its business, and the expired licenses and approvals are under renewal, and they are not aware of anything that may prevent the renewal thereof. The following tables show the current licenses and certificates obtained by the Company:

Table No. (82): licenses and approvals obtained by the Company

License Type	Purpose	License Number	Date of Issue	Expiry Date	Issuer
Commercial Register	Registration of the Company in the Commercial Companies Register (Joint-Stock Companies)	1010417178	09/08/1428H (corresponding to 22/08/2007G)	09/08/1447H (corresponding to 27/01/2026G)	Ministry of Commerce* - Commercial Registry Office in Riyadh
Permit to practice insurance activity	Practicing general insurance and health insurance activities	TMN/21/20095	15/05/1430H	12/05/1445H	Saudi Central Bank **
Service investment license	Practicing insurance activity	01-11202910778	28/05/1426H (corresponding to 05/07/2005G)	15/10/1443H (corresponding to 17/05/2022G)	The Ministry of Investment ***
Social insurance certificate	The Company's commitment to the regulations of the General Organization for Social Insurance	37690234	15/08/1442H (corresponding to 28/03/2021G)	15/09/1442H (corresponding to 26/04/2021G)	General Organization for Social Insurance (Jeddah)
Chamber of Commerce and Industry membership certificate	The Company's commitment to the Commercial Register Law, which requires the Company to participate in the Chamber of Commerce and Industry	122598	06/01/1439H (corresponding to 26/09/2017G).	27/11/1443H (corresponding to 26/06/2022G)	Jeddah Chamber
Chamber of Commerce and Industry membership certificate	The Company's commitment to the Commercial Register Law, which requires the Company to participate in the Chamber of Commerce and Industry	95957	10/02/1436H (corresponding to 02/12/2014G).	10/08/1447H (corresponding to 28/01/2026G)	Riyadh Chamber
Zakat and Income Certificate	To indicate that the Company submitted its declaration for the period ending on December 31, 2019G	1110506188	29/08/1442H (corresponding to 11/04/2021G)	29/09/1443H (corresponding to 30/04/2022G)	Zakat, Tax and Income Authority

Saudization Certificate (Riyadh)	To indicate that the Company is committed to the required Emiratisation percentage according to the Nitaqat program	20002104012533	08/09/1442H (corresponding to 19/04/2021G)	10/12/1442H (corresponding to 19/07/2021G)	Ministry of Human Resources and Social Development****
Council of Cooperative Health Insurance	Qualification license to practice cooperative health insurance business	115	08/10/1435H (corresponding to 04/08/2014G)	13/11/1442H (corresponding to 23/06/2021G)	Council of Cooperative Health Insurance, via the website of the General Secretariat.
Civil Defense Permit	Safety Certificate	42-000238498-3	21/06/1442H (corresponding to 03/02/2021G)	21/06/1443H (corresponding to 24/01/2022G)	Ministry of Interior, General Directorate of Civil Defense

Source: The Company

*The title of "Ministry of Commerce and Investment" has been modified to become "Ministry of Commerce".

** The title of "Saudi Arabian Monetary Agency" has been modified to become Saudi Central Bank "SAMA".

*** The name of the "General Investment Authority" has been modified to become the "Ministry of Investment".

**** The title of "Ministry of Labor and Social Development" has been modified to become "Ministry of Human Resources and Social Development".

Table No. (83): Licenses and Approvals Obtained by Company Branches

License Type	Purpose	License Number	Date of Issue	Expiry Date	Address
Commercial Register	Registering the Company in the Commercial Companies Register (Company Branch)	4030171999	27/11/1435H (corresponding to 22/09/2014G)	27/11/1443H (corresponding to 26/06/2022G)	Jeddah
Commercial Register	Registering the Company in the Commercial Companies Register (Company Branch)	7013887968	12/09/1431H (corresponding to 22/08/2010G)	12/09/1444H (corresponding to 03/04/2023G)	Khamis Mushait
Commercial Register	Registering the Company in the Commercial Companies Register (Company Branch)	2051043671	12/09/1431H (corresponding to 22/08/2010G)	12/09/1444H (corresponding to 03/04/2023G)	Al Khobar
Commercial Register	Registering the Company in the Commercial Companies Register (Company Branch)	1010949385	09/07/1439H (corresponding to 26/03/2018G)	09/07/1444H (corresponding to 31/01/2023G)	Riyadh
Commercial Register	Registering the Company in the Commercial Companies Register (Company Branch)	4030204059	12/09/1431H (corresponding to 22/08/2010G)	12/09/1443H (corresponding to 13/04/2022G)	Jeddah
Commercial Register	Registering the Company in the Commercial Companies Register (Company Branch)	2050240129	03/06/1439H (corresponding to 19/02/2018G)	03/06/1443H (corresponding to 06/01/2022)	Dammam
Commercial Register	Registering the Company in the Commercial Companies Register (Company Branch)	1010935262	02/06/1439H (corresponding to 18/02/2018G)	02/06/1443H (corresponding to 05/01/2022G)	Riyadh

Commercial Register	Registering the Company in the Commercial Companies Register (Company Branch)	1010935263	02/06/1439H (corresponding to 18/02/2018G)	02/06/1443H (corresponding to 05/01/2022G)	Riyadh
Commercial Register	Registering the Company in the Commercial Companies Register (Company Branch)	4650548859	02/06/1439H (corresponding to 18/02/2018G)	02/06/1444H (corresponding to 25/12/2022G) (under renewal)	Medina
Commercial Register	Registering the Company in the Commercial Companies Register (Company Branch)	5900112338	03/06/1439H (corresponding to 19/02/2018G)	03/06/1443H (corresponding to 06/01/2022G)	Jizan
Commercial Register	Registering the Company in the Commercial Companies Register (Company Branch)	4030605347	02/06/1439H (corresponding to 18/02/2018G)	02/06/1443H (corresponding to 05/01/2022G)	Jeddah
Commercial Register	Registering the Company in the Commercial Companies Register (Company Branch)	2511108041	02/06/1439H (corresponding to 18/02/2018G)	02/06/1443H (corresponding to 05/01/2022G)	Hafar Al-Batin
Commercial Register	Registering the Company in the Commercial Companies Register (Company Branch)	5907521888	02/06/1439H (corresponding to 18/02/2018G)	02/06/1443H (corresponding to 05/01/2022G)	Samtah – Tawal
Commercial Register	Registering the Company in the Commercial Companies Register (Company Branch)	4700106472	03/06/1439H (corresponding to 19/02/2018G)	03/06/1443H (corresponding to 06/01/2022G)	Yanbu
Saudization Certificate (Jeddah Branch)	Indicating that the Company is committed to the required Emiratisation percentage according to the Nitaqat program	20002104012533	08/09/1442H (corresponding to 19/04/2021G)	10/12/1442H (corresponding to 19/07/2021G)	Ministry of Human Resources and Social Development.
Civil Defense Permit	Safety Certificate	000003-38101	02/02/1438H (corresponding to 02/11/2016G)	01/02/1439H (corresponding to 21/10/2017G)	Ministry of Interior, General Directorate of Civil Defense in Makkah Al Mukarramah Region
Civil Defense Permit	Safety Certificate	42-000632505-1	04/04/1442H (corresponding to 19/11/2020G)	04/04/1443H (corresponding to 09/11/2021G)	Khamis Mushait
Civil Defense Permit	Safety Certificate	41-000479872-1	20/05/1441H (corresponding to 15/01/2020G)	20/05/1442H (corresponding to 04/01/2021G)	Khamis Mushait
Civil Defense Permit	Safety Certificate	41-000568535-1	14/05/1442H (corresponding to 29/12/2020G)	14/05/1443H (corresponding to 18/12/2021G)	Jeddah

Civil Defense Permit	Safety Certificate	40-000257475-1	26/03/1440H (corresponding to 04/12/2018G)	26/03/1441H (corresponding to 23/11/2019G)	Dammam
Civil Defense Permit	Safety Certificate	42-000253780-2	03/07/1442H (corresponding to 14/02/2021G)	03/07/1443H (corresponding to 04/02/2022G)	Samtah
Civil Defense Permit	Safety Certificate	39-000215287-1	23/12/1439H (corresponding to 03/09/2018G)	23/12/1440H (corresponding to 24/08/2019G)	Hafar Al-Batin

Source: The Company

Summary of approvals related to insurance products offered by the Company in accordance with the applicable regulations:

Table No. (84): Summary of approvals related to insurance products offered by the Company in accordance with the applicable regulations

S/N	Product	Approval No.	Issuer	Approval Date
1	Comprehensive General Civil Liability Insurance	381000003903	Final Approval	09/01/1438H (corresponding to 10/10/2016G)
2	Fidelity Insurance	381000003895	Final Approval	09/01/1438H (corresponding to 10/10/2016G)
3	Insurance against medical errors	381000003866	Final Approval	09/01/1438H (corresponding to 10/10/2016G)
4	Money insurance	381000003829	Final Approval	09/01/1438H (corresponding to 10/10/2016G)
5	Personal Accident Insurance	381000003864	Final Approval	09/01/1438H (corresponding to 10/10/2016G)
6	General Civil Liability Insurance	381000003861	Final Approval	09/01/1438H (corresponding to 10/10/2016G)
7	Travel Insurance	381000003858	Final Approval	09/01/1438H (corresponding to 10/10/2016G)
8	Group travel insurance	381000003892	Final Approval	09/01/1438H (corresponding to 10/10/2016G)
9	Workers Compensation Insurance	381000003833	Final Approval	09/01/1438H (corresponding to 10/10/2016G)
10	Domestic worker insurance	41025978	Final Approval	13/04/1441H (corresponding to 10/12/2019G)
11	Comprehensive Motor Insurance - Commercial	341000062959	Final Approval	19/05/1434H (corresponding to 31/03/2013G)
12	Comprehensive insurance for private Motors	341000062959	Final Approval	19/05/1434H (corresponding to 31/03/2013G)
13	Third party Motor insurance	341000062959	Final Approval	19/05/1434H (corresponding to 31/03/2013G)
14	Property Insurance (All Risks)	381000003863	Final Approval	09/01/1438H (corresponding to 10/10/2016G)
15	Fire Insurance	381000003894	Final Approval	09/01/1438H (corresponding to 10/10/2016G)

16	Home Insurance	381000003891	Final Approval	09/01/1438H (corresponding to 10/10/2016G)
17	Fire Policy Consequential Loss Insurance	381000003905	Final Approval	09/01/1438H (corresponding to 10/10/2016G)
18	Shop insurance	381000003860	Final Approval	09/01/1438H (corresponding to 10/10/2016G)
19	Property Policy Consequential Loss Insurance (All Risks)	381000003904	Final Approval	09/01/1438H (corresponding to 10/10/2016G)
20	fire policy consequential loss and potential risks Insurance	381000003907	Final Approval	09/01/1438H (corresponding to 10/10/2016G)
21	Contractors' risk insurance	381000003901	Final Approval	09/01/1438H (corresponding to 10/10/2016G)
22	Machinery breakdown loss insurance	381000003886	Final Approval	09/01/1438H (corresponding to 10/10/2016G)
23	Contractors' machinery and equipment Insurance	381000003900	Final Approval	09/01/1438H (corresponding to 10/10/2016G)
24	Machinery breakdown insurance	381000003887	Final Approval	09/01/1438H (corresponding to 10/10/2016G)
25	Electronic Equipment Insurance	381000003897	Final Approval	09/01/1438H (corresponding to 10/10/2016G)
26	Inventory corruption insurance	381000003898	Final Approval	09/01/1438H (corresponding to 10/10/2016G)
27	Boiler and pressure vessel insurance	381000003908	Final Approval	09/01/1438H (corresponding to 10/10/2016G)
28	Carrier liability insurance (one year)	381000035402	Final Approval	29/03/1438H (corresponding to 28/12/2016G)
29	Road transport insurance (one year)	381000003890	Final Approval	09/01/1438H (corresponding to 10/10/2016G)
30	Road transport insurance (one shipment)	381000003888	Final Approval	09/01/1438H (corresponding to 10/10/2016G)
31	Road transport insurance (open policy)	381000003889	Final Approval	09/01/1438H (corresponding to 10/10/2016G)
32	Marine insurance (one shipment)	381000003872	Final Approval	09/01/1438H (corresponding to 10/10/2016G)
33	Marine Insurance (Open Policy)	381000003871	Final Approval	09/01/1438H (corresponding to 10/10/2016G)
34	Group medical insurance	341000103275	Final Approval	22/08/1434H (corresponding to 01/07/2013G).
35	Visitor insurance	381000022552	Final Approval	28/02/1438H (corresponding to 28/11/2016G)
36	Installation risk insurance	381000003896	Final Approval	09/01/1438H (corresponding to 10/10/2016G)
37	Cargo liability insurance	381000003893	Final Approval	09/01/1438H (corresponding to 10/10/2016G)

Source: The Company

10.7.2 Continuing obligations imposed by the Government Agencies on the Company and its subsidiaries as the “License Holder”

The regulatory authorities below obligate the Company to comply with some essential requirements as follows:

10.7.2.1 Continuing obligations according to SAMA requirements:

- Article 76 of the Implementing Regulations of the Cooperative Insurance Companies Control Law states that SAMA has the right to withdraw the license of the Company in the following cases:
 - A. If the Company does not practice its licensed activities for a period of six months from the issuance date of the license;
 - B. If the Company does not fulfill the requirements of the Cooperative Insurance Companies Control Law or its Implementing Regulations;
 - C. If it is established that the Company deliberately provided SAMA with false information in its licensing application;
 - D. If the Company becomes bankrupt;
 - E. If the Company deliberately conducts business in a fraudulent manner;
 - F. If the paid capital of the Company falls below the prescribed minimum limit, or the Company does not fulfill the solvency requirements under the Implementing Regulations;
 - G. If the insurance activity falls to a limit that SAMA deems unviable to operate under;
 - H. If the Company, without just cause, refuses or delays payments of dues;
 - I. If the Company refuses to have its records examined by the SAMA appointed inspection team; and/or
 - J. If the Company abstains from implementing a final judgment against it in connection with any insurance dispute.
- With regard to paragraph (b) of the above conditions, and in accordance with Article Fourteen (14) of the Cooperative Insurance Companies Control Law and Article Fifty-eighth (58) of its Implementing Regulations, SAMA requires insurance and reinsurance companies subject to the Law to deposit in a local bank a statutory deposit to the order of the Saudi Central Bank, provided that the statutory deposit is ten percent (10%) of the paid-up capital and the SAMA may raise this percentage to a maximum of fifteen percent (15th%). The Company has deposited 15% of its capital, in implementation of the letter of SAMA No. (89/8223), dated 23/03/1441H (corresponding to 20/11/2019G), obligating the Company to raise the statutory deposit ratio from ten percent (10%) to fifteen (15%) of the Company’s capital, amounting to thirty million Saudi Riyals (SAR 30,000,000), and it was deposited with a bank selected by SAMA, before reducing the Company’s capital from two hundred million (SAR 200,000,000) to one hundred and forty-one million Saudi Riyals (SAR 141,000,000), and the Company did not contact SAMA after reducing its capital to adjust the deposit amount, and the Company intends to address SAMA to amend the statutory deposit ratio after the process of increasing its capital.
- With regard to paragraph (g) mentioned above of the conditions, the Company must comply with the required solvency margin according to Article Sixty-Six (66) and Article Sixty-Seven (68) of the Implementing Regulations of the Cooperative Insurance Companies Control Law. During the previous two years, the solvency margin cover decreased from the minimum required by SAMA, which is (100%). On 21/05/1441H (corresponding to 16/01/2020G), the Board of Directors recommended an increase in the capital through the offering of rights shares with a value of one hundred and fifty million Saudi Riyals (SAR 150,000,000), so that the capital after the increase becomes two hundred and ninety-one million Saudi Riyals (SAR 291,000,000). Accordingly, the Company obtained SAMA’s no-objection to increase the capital by the amount of one hundred and fifty million Saudi Riyals (SAR 150,000,000) under letter No. (42008428) dated 14/02/1442H (corresponding to 01/10/2020G).
- Except for the penalty that the Company was subjected to during the inspection visit by SAMA No. (381000022826) on 28/02/1438H (corresponding to 28/02/2016G) with regard to the Company’s commitment with regard to handling violations related to the settlement of motors

insurance claims and dealing with related complaints, and the inspection visit No. (80/14497) on 06/03/1441H (corresponding to 03/11/2019G) regarding violations related to anti-money laundering and the Cooperative Insurance Companies Control Law, with a field tour of the Company to assess the extent of the Company's compliance with SAMA's instructions based on precautionary measures established by the Ministry of Health regarding combating the Coronavirus No. (42028263) dated 30/04/1442H (corresponding to 15/12/2020G); letter issued by SAMA No. (42055712) dated 09/08/1442H (corresponding to 22/03/2021G), which includes the Company's non-compliance with the requirements of the regulatory guide for information security; and letter No. (42065154) dated 14/09/1442H (corresponding to 25/04/2021G) regarding the Company's non-compliance with the requirements of actuarial business controls related to insurance, in addition to the letter No. (42069578) dated 06/10/1442H (corresponding to 17/05/2021G) regarding SAMA observations on the Company's non-compliance with the requirements and instructions related to the insurance sector, the Company is committed to the SAMA Law and its implementing regulations (for more information, kindly Risk No. (2.1.3) "Risks of Penalties by the Competent Regulatory Authorities", Subsection No. (2.1) "Risks of the Company's Activity and Operations", Section (2) "Risk Factors" of this Prospectus).

10.7.2.2 Continuing Obligations According to the Ministry of Commerce Requirements:

- The Company is committed to the Commercial Register Law in terms of registration with the Commercial Registry Department in the city of Riyadh, where the head office is under Certificate No. (1010417178) dated 09/08/1428H (corresponding to 22/08/2007G) and expires on 09/08/1442H (corresponding to 22/03/2021G).
- The Company is also committed to the Companies Law in terms of adopting the Company's articles of association in line with the new and recent amendments made to the Companies Law, after obtaining a prior approval from the Ministry of Commerce on the draft articles of association and the approval of the shareholders in the (extraordinary) general assembly meeting on 07/01/1442H (corresponding to 26/08/2020G). The articles of association were approved by the Corporate Governance Department (Ministry of Commerce) on 27/01/1441H (corresponding to 15/09/2020G). The Company complied with the requirements of the CMA and the Saudi Stock Exchange (Tadawul) in terms of uploading a copy of the articles of association on the Tadawul website on the Company's page.
- The Company has a trademark that was registered with the Ministry of Commerce No. (143001259), and this will enable the Company to put its name and logo on the external facade of the building or offices occupied by the Company, as it has registered the trademark and granted it the necessary legal protection in accordance with the Trademark Law. (For more information, please see subsection (10.9) "Trademarks and Proprietary Rights" of Section 10 "Legal Information" of this Prospectus).
- The Company is also committed to the Commercial Register Law in terms of obtaining a membership certificate in the Chamber of Commerce and Industry under the "Riyadh Chamber" Certificate No. (95957), dated 10/02/1436H (corresponding to 02/12/2014G), and expires on 09/08/1442H (corresponding to 22/03/2021G), and the "Jeddah Chamber" Certificate No. (122598) dated 06/01/1439H (corresponding to 26/09/2017G), and expires on 27/11/1443H (corresponding to 26/06/2022G).
- The Company's branches are also committed to completing the procedures for establishing their branches and they are committed to the Commercial Register Law in terms of registering with the Commercial Registry Department and obtaining a membership certificate in the Chamber of Commerce and Industry for each branch (for more information, please see subsection (10.7.2.8) "Company branches and points of sale" from Subsection (10.7) "Government Approvals, Licenses and Certifications" of Section 10 "Legal Information" of this Prospectus).

10.7.2.3 Continuing obligations as per CMA's requirements:

The CMA requires listed companies to abide by the Rules on the offer of Securities, continuing obligations, and special instructions issued by the CMA, in particular the obligation to periodically disclose material and financial developments and the Board of Directors' report. Insurance companies are also obligated to announce their financial results in accordance with the forms approved by the CMA, which must include clear data on the surplus (deficit) of insurance operations, less the return on investments of policyholders, total written Premiums, net written premiums, net claims incurred, net profits (losses) of investments of policyholders, net profits (losses) of investments of shareholders' funds, and a comparison of these data with the

corresponding quarterly or annual period. According to the Continuing Obligations Guide for Listed Companies, the annual financial results announced on the Tadawul website must be derived from the audited financial statements approved by the Company's external auditor appointed by the assembly and approved by the Board of Directors. In addition, the declaration forms included in the instructions for Companies' declarations of their financial results must be adhered to, and the Company must also provide a statement of all the reasons and influences for the change in the financial results of the current fiscal year with the comparison period so that the reasons include all financial results announcement items.

On 23/01/1438H (corresponding to 24/10/2016G), the CMA's Board Resolution No. (1-130-2016) was issued to amend the procedures and instructions for market-listed-companies whose accumulated losses amounted to (50%) or more of their capital in light of the New Companies Law, whose name has been modified to become "Procedures and instructions for market-listed-companies, whose accumulated losses amounted to (20%) or more of their capital", the amended procedures and instructions shall be implemented starting from the date of 25/07/1438H (corresponding to 22/04/2017G).

The CMA also obligated the companies listed in financial market, whose accumulated losses amounted to (50%) or more of the paid-up capital, to disclose on the Tadawul website before 24/07/1438H (corresponding to 21/04/2017G), their plan regarding the application of Article (150) of the Companies Law.

The CMA also obligated the companies listed in the financial market to follow the regulations of instructions for the announcements of joint stock companies whose shares are listed in the financial market issued pursuant to the CMA's Board Resolution No. (4- 8- 2017) dated 26/04/1438H (corresponding to 24/01/2017G).

As of the date of publishing this Prospectus, the Company has not violated any of the instructions set out above and is committed to the Capital Market Law and its implementing regulations. The Directors confirm that the Company continues to comply with the requirements of the law, regulations and instructions of the CMA and the Saudi Stock Exchange (Tadawul) until the date of this Prospectus, and they also pledge to continue to comply with them.

10.7.2.4 Continuing obligations according to the requirements of the Council of Cooperative Health Insurance:

- Medical insurance products are subject to the regulations of the Council of Cooperative Health Insurance ("Insurance Council ") after being approved by SAMA. The Insurance Council monitors the Company and ensures its compliance with the terms regulating the provision of medical insurance products.
- Article (43) of the Implementing Regulations of the Health Insurance Law stipulates that Insurance companies may not provide cooperative health insurance unless accredited by the Council. Accreditation shall be limited to a period of three years renewable for similar periods. Article (44) of the Implementing Regulations of the Health Insurance Law stipulates that Cooperative insurance companies shall be accredited to provide health insurance pursuant to an application submitted for such purpose. The Council may specify the details it deems necessary regarding the nature and scope of data to be included in the application. The Council shall decide on such application within 90 days from the date of submission.
- The Insurance Council shall monitor the Company and ensures its compliance with the conditions regulating the provision of medical insurance products, including:
 - Commitment to provide specialized medical staff to give the necessary medical approvals within a time period not exceeding sixty (60) minutes. In the event of non-approval, the reasons must be formally explained.
 - Commitment to pay dues to medical service providers, such as hospitals and medical clinics, no later than forty-five (45) days.

10.7.2.5 Continuing obligations according to the requirements of the Ministry of Investment:

Due to the ownership of some foreign founding shareholders (non-Saudis and non-Gulf citizens) in the capital, the Company issued a service investment license No. (11202910778-01)) issued by the Ministry of Investment on 28/05/1426H (corresponding to 07/05/2005G) and valid until 15/10/1443H (corresponding to 17/05/2022G).

More information on this source text

The Ministry of Investment requires licensed companies to abide by the following instructions: (1) The commercial registration data shall not differ from the data in the investment license issued by the CMA; (2) Not to engage in an unlicensed investment or commercial activity; (3) Having an investment license for the Company's branches and marketing centers (meaning the points of sale); (4) Not to stop the investment activity during the license validity period, except in cases of force majeure that are accepted by the CMA, while submitting a timetable indicating the date of resumption of activity within five (5) days from the date of the occurrence of the force majeure; (5) Not to use the name or logo of a global or local commercial agency without a license, or to use publications, seals or advertising media in a trade name that is contrary to the name licensed by the Ministry of Investment; (6) Conformity of product specifications and style with approved Gulf, Saudi or international specifications; or (7)) Notify the CMA in writing of changing the address, correspondence and contact data, or updating the data.

All companies licensed by the Ministry of Investment must apply for amending their license in accordance with any amendments to their data, for example in the event of reducing or increasing the capital, amending the trade name or opening of branches.

As on the date of this Prospectus, the Company is committed to the requirements of the Ministry of Investment and the above-mentioned license terms and instructions.

10.7.2.6 Continuing obligations according to the requirements of the Zakat, Tax and Customs Authority:

- The Company, like other registered establishments and companies operating in the Kingdom, is obliged to submit its zakat and tax returns within 120 days from the end of the fiscal year for the purpose of renewing the certificate issued by the Zakat, Tax and Customs Authority. The Company was registered as a taxpayer under the distinguished tax number (3000073612), and the Company submitted its zakat declaration for the fiscal year ending on December 31, 2020G, and obtained a zakat certificate from the Zakat, Tax and Customs Authority with the number (1110506188) dated 29/08/1442H (corresponding to 11/04/ 2021G) and it is valid until 29/09/1443H (corresponding to 30/04/2022G).
- The Company is committed to the Value-added tax Law and its implementing regulations and is registered with the Zakat, Tax and Customs Authority under the tax number (300007361200003) according to a certificate issued on 15/05/1440H (corresponding to 21/01/2019G), noting that the Company has been registered since 20/02/1439H (corresponding to 09/11/2017G).
- In compliance with the Zakat, Tax and Customs Authority rules, the Company's branches have been added to the list of taxpayer branches (Allied Cooperative Insurance Group).
- The Company obtained the assessment of the final certificate from the Zakat, Tax and Customs Authority for the fiscal year ending on December 31, 2008G. The Authority has submitted an additional assessment regarding the zakat returns submitted for the fiscal years ending on December 31, 2008G, 2009G and 2010G, in the amount of (1.86) million Saudi Riyals and it was paid. The main difference in the additional estimate relates to not allowing part of the pre-establishment expenses and withholding tax, and the Company submitted an objection to this additional assessment to the initial tax objection committee after the end of the year, where a decision was received to the contrary from the Primary Tax Objection Committee, on the basis of which the Company appealed to the Supreme Committee for Objections. The Supreme Objections Committee issued its decision in favor of the Company regarding Zakat and rejected the grievance related to withholding tax. The Company referred the matter to the Board of Grievances. In this regard, the Company paid the amount of tax (1.27 million Saudi Riyals). The Company has submitted an objection to the unfavorable assessment submitted by the Zakat, Tax and Customs Authority for the fiscal years ending on December 31, 2013G until 2015G in the amount of (4.98) million Saudi Riyals. The objection is still under study by the Zakat, Tax and Customs Authority. The Zakat, Tax and Customs

Authority has issued an assessment for the years from 2016 to 2018 demanding an additional commitment of (7.83) million Saudi Riyals. The Company has raised an objection to these assessments and it has been dismissed by the Zakat, Tax and Customs Authority. The Company has submitted the objection to the General Secretariat of the Tax Committees and the objection is still under study.

10.7.2.7 Continuing obligations according to the requirements of the Ministry of Human Resources and Social Development

- A file has been opened with the Ministry of Human Resources and Social Development (Labour Office) with the unified number (260937), according to its Saudization certificate. As on the date of this Prospectus, the Company benefits from the electronic services of the Ministry of Human Resources and Social Development, and a Saudization certificate has been issued to indicate the Company commitment to the required localization percentage according to the Nitaqat program, which amounts to (88.79%) and is in the platinum range.

10.7.2.8 Company branches and points of sale

Article (5) of the Company's Articles of Association stipulates that the Company may establish branches, offices or agencies inside or outside the Kingdom after the approval of SAMA. In accordance with Article (9) of the Cooperative Insurance Companies Control Law, SAMA written approval must be obtained prior to opening branches of insurance companies. SAMA requires insurance companies wishing to open branches to adhere to the statutory procedures related to the opening of branches for joint stock companies issued by the Ministry of Commerce. As for points of sale, the municipality license and/or rental contract are sufficient if the point of sale is located in government facilities, hotels or tourist resorts (such as a kiosk). Until the date of preparing this Prospectus, the Company obtained the final approval of the SAMA to open a number of branches and points of sale as follows:

List of branches and points of sale:

Table No. (85): Branches, points of sale, commercial records, and municipal licenses obtained:

S/N	Company's Branches	Owner ID number	Date of Issue	Expiry Date	Municipality license	Expiry Date
1	Riyadh	1010417178	09/08/1428H (corresponding to 22/08/2007G)	09/08/1442H (corresponding to 22/03/2021G)	40102412512	23/02/1444H (corresponding to 19/09/2022G)
2	Al Khobar	1010417178	09/08/1428H (corresponding to 22/08/2007G)	09/08/1442H (corresponding to 22/03/2021G)	39121532855	13/07/1444H (corresponding to 04/02/2023G)
3	Khamis Mushait*	1010417178	09/08/1428H (corresponding to 22/08/2007G)	09/08/1442H (corresponding to 22/03/2021G)	42034230136	07/04/1444H (corresponding to 12/11/2021G)
4	Jeddah	4030171999	27/11/1435H (corresponding to 22/09/2014G)	27/11/1443H (corresponding to 26/06/2022G)	39111446694	02/02/1443H (corresponding to 09/09/2021G)
5	Jeddah	4030171999	27/11/1435H (corresponding to 22/09/2014G)	27/11/1443H (corresponding to 26/06/2022G)	40041973186	09/04/1443H (corresponding to 14/11/2021G)
6	Khamis Mushait – Khamis General Street, intersection of Abha with the Ring Belt, Seiko Building	5855035150	12/09/1431H (corresponding to 22/08/2010G)	12/09/1444H (corresponding to 03/04/2023G)	41052653431	20/05/1443H (corresponding to 24/12/2021G)

7	Al-Khobar - King Fahd Road, intersection of 24th Street, near Al- Rajhi Diversion	2051043671	12/09/1431H. (corresponding to 22/08/2010G)	12/09/1444H. (corresponding to 03/04/2023G)	39121532843	21/06/1443H. (corresponding to 24/01/2022G)
8	Riyadh - Dammam Road, the headquarters of the international auction of the Riyadh Development Company	1010949385	09/07/1439H. (corresponding to 26/03/2018G)	09/07/1444H. (corresponding to 31/01/2023G)	3909620957	15/07/1444H. (corresponding to 06/02/2023G)
9	Jeddah - Maadi Street, off Al-Andalus Road, Al-Azzam Building, Showroom No. (4)	1010417178	12/09/1431H. (corresponding to 22/08/2010G)	12/09/1443H. (corresponding to 13/04/2022G)	40062042249	01/06/1443H. (corresponding to 04/01/2022G)
10	Dammam - Adama District, Dammam Passports	2050240129	03/06/1439H. (corresponding to 19/02/2018G)	03/06/1442H. (corresponding to 16/01/2021G)	40031838017	04/04/1443H. (corresponding to 09/11/2021G)
11	Riyadh - Al-Murabba District, Riyadh Passports	1010935262	02/06/1439H. (corresponding to 18/02/2018G)	02/06/1442H. (corresponding to 15/01/2021G)	40102411194	03/11/1443H. (corresponding to 02/06/2022G)
12	Riyadh - Al Rabie District, King Abdulaziz Road	1010935263	02/06/1439H. (corresponding to 18/02/2018G)	02/06/1441H. (corresponding to 27/01/2020G) (Under Renewal)	40102410689	14/09/1442H. (corresponding to 26/04/2021G)
13	Madinah Al-Munawwarah - Shoran Street, in front of the General Directorate of Passports	4650548859	02/06/1439H. (corresponding to 18/02/2018G)	02/06/1441H. (corresponding to 27/01/2020G)	The branch has been closed and the license is being transferred to a new branch.	
14	Jazan - Al-Rawda neighborhood, Prince Sultan Street, next to Jazan Traffic Department	5900112338	03/06/1439H. (corresponding to 19/02/2018G)	03/06/1442H. (corresponding to 16/01/2021G)	40031834737	04/03/1443H. (corresponding to 10/10/2021G)
15	Jeddah - Al Sharqiya District, King Khalid Road	4030605347	02/06/1439H. (corresponding to 18/02/2018G)	02/06/1442H. (corresponding to 15/01/2021G)	Under extraction	
16	Hafr Al-Batin, Sulaymaniyah district, next to the of Traffic Department	2511108041	02/06/1439H. (corresponding to 18/02/2018G)	02/06/1442H. (corresponding to 15/01/2021G)	40011610896	09/01/1443H. (corresponding to 17/08/2021G)
17	Samtah, Al-Twal, Samtah, opposite the Samtah, in front of Traffic Department	5907521888	02/06/1439H. (corresponding to 18/02/2018G)	02/06/1443H. (corresponding to 15/01/2021G)	40072073451	12/07/1443H. (corresponding to 13/02/2022G)
18	Yanbu, Al-Hora neighborhood, in front of Samtah, Traffic Department	4700106472	03/06/1439H. (corresponding to 19/02/2018G)	03/06/1442H. (corresponding to 19/01/2021G)	41022593169	28/02/1443H. (corresponding to 05/10/2021G)

Source: The Company

*The branch is new, and the municipality license and civil defense permit have been issued. The Company also intends upon the expiry of the old lease contract related to the license No. (41052653431) to transfer the commercial register to the new branch.

10.8 Summary of Material Contracts

Upon entering into the contracts and agreements referred to below, the Company undertakes that all transactions shall be conducted on an arm's length basis to guarantee Shareholders' rights and that such contracts shall be voted on by the General Assembly of the Company without the participation of the Shareholders who have interests in those contracts. The Company and its Board of Directors confirm their commitment to the requirements of the Companies Law and Corporate Governance Regulations for transactions with related parties with respect to such contracts.

The Company has many material agreements, some of which are listed below but are not limited to:

10.8.1 Contracts and Transactions with Related Parties:

These transactions include the following agreements:

10.8.1.1 Technical Linkage and Electronic Services Provision Agreement

The Company entered into a Technical Linkage and Electronic Services Provision Agreement with Al-Elm Information Security Company on 16/09/2020G for a period of one Gregorian year starting directly from the date of completion of the development of services and the completion of the linkage with the Company's systems. Under the agreement, the Company obtains the technical linkage service to provide some electronic services ("Yeqin Direct" service, "National Address" service, and "electronic authentication service") which are concerned with verifying and checking the data information of its customers, in return for calculating the cost of services and operations as follows:

A. The cost of the comprehensive verification process ("Yeqin direct service" and "electronic authentication" service) "successful process":

Table No. (86): "YEQIN Direct" service and "Electronic authentication" service

Type of Policy issued for successful operation	Price (SAR)
Third Party Insurance Policy (TPL)	A lump sum for each successful operation
Comprehensive insurance policy	A lump sum for each successful operation
This cost is applied to all second party sales in relation to Motor insurance policies.	

Source: The Company

A. The cost of the "one verification process" for the national address service:

Table No. (87): The cost of the "one verification process" for the national address service

Operation name	Price (SAR)
National Address Data Inquiry Services for Saudi Individuals	A lump sum for each operation
National Address Data Inquiry Services for Resident Individuals	A lump sum for each operation
National address data inquiry services for establishments	A lump sum for each operation

Source: The Company

10.8.1.2 Saudi Credit Bureau Agreement "SIMAH"

The Company entered into an agreement with the Saudi Credit Information Company "SIMAH" on 17/08/1430 (corresponding to 08/08/2009G), according to which the latter provides information to its subscribed members for the purpose of assessing the credit solvency of customers wishing to deal with the Company.

The agreement is for a one-time membership fee payable upon signing the agreement and a lump sum for each credit report, each miscellaneous inquiry, each negative report, or the receipt of each monitoring report. This Agreement shall remain in force for a period of no less than (5) five years from the date of signing the same, or until the date of its termination by either party.

10.8.1.3 Council of Cooperative Health Insurance Agreement

The Company entered into an agreement with the Council of Cooperative Health Insurance on 05/15/1438H corresponding to 02/12/2017G in order to implement a visitor project through the integration between the two parties' systems to present the Company's offers through the portal, allowing the visitor to choose the health insurance package before entering the territory of the Kingdom, which is a highly important system for its impact on the regulations of the Ministry of Foreign Affairs and the image of the Kingdom abroad.

10.8.1.4 Cooperation Contract to provide health motore services "Ministry of Health"

The Company entered into an agreement with the Ministry of Health on 19/07/1438H corresponding to 16/04/2016G, in order to provide health and treatment motore to the insured in accordance with the benefits, limits and exceptions of their health insurance policy, as a result of that agreement. The Company committed to pay the claims received from the Ministry of Health by electronic bank transfer directly to the account.

The term of the agreement is one Gregorian year from the date of signing it, and it is renewed for a similar period or periods according to the same terms and prices, unless one of the other parties notifies the other in writing of their unwillingness to renew, within sixty (60) days.

10.8.1.5 Zakat Services and Consultation Contract "ALRIKAZ"

The Company entered into an agreement with Al-Rikaz Office for Zakat and Income Tax Consultations on 03/06/2018G, in order for the latter to provide services and consultations and follow up the Company's transactions with the Zakat, Tax and Customs Authority, and the agreement extends to the completion of the objection procedures before the primary and appeal committees.

10.8.1.6 Health Insurance Management Service Agreement

The Company entered into a health insurance claims management service agreement with the Comprehensive Motore Company for the settlement of insurance claims on 14/07/2019G, to obtain the insurance claims management service, medical approvals management, contracting with the service provider network, reports and insurance portfolio monitoring tools, call center and customer service. For a fee for its technical support and medical claims settlement services for Visitor Health Insurance, and Small and Medium Group (Retail) Health Insurance. And on several levels of health insurance for large groups.

In addition, Enaya Company is obligated to pay the remaining part of the fees that were paid by the Company in return for providing technical support and claims settlement services, when canceling the health insurance policy, taking into account the calculation of the elapsed period of the policy.

Whereas, the agreement is valid for a period of three years, and its application is valid for a similar period unless it is canceled by one of the parties after giving written notice.

10.8.1.7 Contract for the provision of consulting actuarial services

A contract was signed to provide actuarial services on 09/01/2020G between the Company and SHMA Consulting Company (DMCC), to obtain actuarial consulting services in relation to the Company's work, and to provide the following services:

- Annual actuarial reports.
- Quarterly actuarial reports.
- Annual pricing reports for Motors and medical business.
- Solvency and capital reports.
- Reinsurance adequacy report.
- Investment policy evaluation and ALM report.
- Experience study reports.
- Motor pricing and medical business adequacy reports.
- Other agreed actuarial work.

10.8.2 Insurance Brokerage Agreements

The Company has entered into insurance brokerage agreements with insurance brokers to attract customers and facilitate the sale of the Company's insurance products to individuals, companies and other bodies. Insurance brokers are entitled to a commission according to the percentages stipulated in the Insurance Intermediaries estimated at a percentage of the premiums collected through the broker from customers of each type. The Company has the right to adopt a different percentage from the indicated percentage, provided that the broker is notified of that.

The validity period of the agreements is one Gregorian year and is renewed by a written agreement of the two parties. If the two parties continue to deal under the agreement despite its expiry, this is considered an automatic renewal for one Gregorian year with the same terms and conditions contained in the original agreement.

Below we show you the most prominent articles contained in insurance brokerage agreements, some of which are the responsibility of the Company and others are the responsibility of the broker.

- The Company's obligations
 - The Company pays the broker commissions for the net written subscriptions only (the total subscriptions from which all the settlements of cancellations and the usual subscriptions are subtracted) within thirty working days from the date of the broker's payment or deposit of the subscriptions in the Company's account, according to the Company's accounting data.
 - The Company agrees not to solicit or attempt to solicit any of the Broker's customers who place quotes on your behalf for a period of one year from (a) the date on which the Broker informs the Company of its relationship with the Client. (B) Expiry, termination or non-renewal of any of the insurance policies issued to that customer and written by the Company, whichever occurs later.
- The Broker's obligations
 - The broker must maintain, at his expense and account, an insurance policy that covers errors, omissions, negligence, abandonment of duties, etc., provided that it is valid during the term of the agreement with limits not less than a certain coverage, and that you write this policy with an insurance Company licensed and acceptable to the Company.
 - The broker is obligated to provide all insurance services required by the insured (customers) with care and diligence and in accordance with the statutory requirements and professional principles, with a commitment to insurance coverage in accordance with the rules and restrictions of underwriting and subscription prices determined by the Company.
 - The broker is obligated to disclose to his customers the existence of an agreement between him and the Company and the commissions that the broker receives from the Company, and that he must ensure that the customers fully understand the type of service provided and the nature of the relationship between the two parties.
 - The broker is obligated to notify the Company of any information or policies related to customers that may affect the decision taken by the Company when providing insurance coverage, its prices and conditions. The broker is also obligated directly upon knowledge of any accident or change in any risk covered by an insurance policy issued by it based on agreements or any order May give rise to a claim by the Company.
 - The broker is obligated to pay the sums collected from the insurance policy subscriptions, so that if the insurance policy issued or renewed by the broker and in which the insurance policy subscription amount is less than specific amounts, then the coverage will only start by paying the premium in advance, and if the insurance policy issued or renewed by Through the intermediary, the insurance policy's subscription amount is equal to or greater than those amounts, as the policy is subject to the Company's credit policy, which must be signed by the Company, the broker and the client.

- During the validity of the agreements and after their expiration or termination, the broker must not report, disclose or use any information or data related to the promotion, sale or distribution methods used by the Company.
- The broker is obligated to keep accounting books and records for a period of no less than ten (10) years from the date of expiry or cancellation of the insurance policy.

Finally, one of the most important contracts concluded for 2019G was the Esnad Insurance and Reinsurance Brokerage Company agreement, whose purpose was Motor insurance, medical insurance, Motor insurance and savings protection insurance.

10.8.3 Reinsurance Agreements

The Company has entered into a number of reinsurance agreements. Under these agreements, the Company assigns all or part of the losses that may arise under the insurance policies issued by the Company to the reinsurer for an agreed premium, and the Company is compensated for all or part of the losses of the issued insurance contracts. These agreements include different exemptions, depending on the product to be reinsured, with a common term of 12 months.

The following is a list of valid or renewed reinsurance contracts:

Table No. (88): Valid or renewed reinsurance contracts

Reinsurance Company	Insurance Policy / Type of Cover
Saudi Reinsurance Company	Third party liability insurance for Motor damage (physical damage and property damage), self-damage to the Motor, public liability for third party damage, users' compensation, employers' liability, personal accidents..
Saudi Reinsurance Company	Medical mistakes.
Hannover Re Takaful Co.	All medical insurance policies. The risks of a cooperative health insurance policy Medical expenses (diseases and accidents), whether following hospitalization or without hospitalization, or as a result of repatriation of the body in accordance with the mandatory policy of the Health Insurance Council.
Inter Partner Assistance	Travel insurance policy.
FM Insurance Company Limited	Fire, lightning and explosion hazards and associated risks.

Source: The Company

10.8.4 Lease Contracts

The Company does not have any real estate owned by it. As for the sites occupied by the Company to carry out its activities, whether they are branches or points of sale, the Company has concluded seventeen lease contracts. Most of these contracts are traditional lease contracts, i.e., stipulating the amount of rent that the Company pays to the lessor annually (and renewable, and is considered void if the tenant is late in paying the rent).

The following is a list of the Company's sites lease contracts and their most important details:

Table No. (89): Valid and renewed lease contracts for the sites occupied by the Company

S/N	Location	Lessor	Rent Value	Lease Term
1	Khobar - Dhahran Street	Diwan Al Jazeera Residential Compounds Company	SAR 121,200 annually reduced since 1/3/2019G to SAR 101,000 annually	5 years starting from 1/3/2016G and automatically renewed.
2	Al-Khobar - Al-Aziz Street	Radi Ahmad Muhammad Al-Khawaja – and after him, Ibtihal Muhammad bin Hassan Al-Jar Allah	SAR 70,000 annually has been reduced since 13/07/2020G to SAR 60,000 annually	5 years starting from 1/8/2013G and renewed unless one of the parties notifies the other party of its desire not to renew.

3	Jizan, Saudi Arabia	Fawaz Abdul Aziz Muhammad Al-Amawi	SAR 48,000 annually	One year starting from 15/6/1437H and automatically renewed
4	Khamis Mushait	Saeed Saeed Abdullah Al-Shahrani	SAR 20,000 annually	One year starting from 1/4/1441H and automatically renewed with conditions
5	Jamjoom Commercial Center	Commercial Real Estate Markets Ltd.	SAR 857,400 annually	One year starting from 1/7/2010G and automatically renewed unless one of the parties informs the other of its desire not to renew
6	Dammam - the market district	Ali Abdul Zamil Al Saleem & Sons Investment Company	SAR 33,000 annually	3 years starting from 1/10/2019
7	Riyadh Al- Murabba district	Sheikh Abdul Aziz Abdullah Muhammad Sheikh	SAR 25,000 annually	One year starting from 1/4/1439H
8	Riyadh - Al Rabie District	Al Safeer Commercial Complex	160,000 SAR annually	Five years starting 28/10/2016G
9	Jeddah - Al-Ruwais District	Al-Azzam Commercial Center	SAR 122,500 annually	Three years starting from 1/1/2008G and automatically renewed unless one of the parties informs the other of its desire not to renew
10	Medina - Shuran district	Reda Ibrahim Musleh Al-Nakhli	SAR 40,000 annually	One year starting from 1/2/2020G
11	Riyadh Hittin district	Sheikh / Abdul Rahman bin Ibrahim Muhammad Abu Hamid	SAR 1,940,000 annually	Five years starting from 21/07/2018 and automatically renewed unless one of the parties informs the other of its desire not to renew
12	Al-Hamdiyah District, Saudi Arabia	Ibrahim Youssef	SAR 1,000 per month	Three years starting from 9/2/1439H and automatically renewed under conditions
13	Khamis Mushait	Mohammed Saeed Al Mobti Foundation	SAR 35,000	One year starting from 1/11/2020G and automatically renewed unless one of the parties notifies the other party of its desire not to renew
14	Samtah	Ali Hadi Mohammed Al-Hajj	SAR 28,000 annually	One year starting from 15/7/2015G, subject to extension
15	Riyadh - International Auction	Riyadh Development Company	SAR 170,720 for every four months	Four months starting from 01/08/1437H (settlement period) and automatically renewed unless one of the parties notifies the other party of its desire not to renew, and then three years starting from 01/01/1438H,
16	Jamjoom Commercial Center	Commercial Real Estate Markets Ltd.	SAR 106,500 SAR annually	One year starting from 1/11/2018G and automatically renewed unless one of the parties informs the other of its desire not to renew
17	Yanbu	Ahmed Mohamed Abdel Qader Abu Auf	SAR 36,000 annually	One year starting from 1/4/1435H

Source: The Company

10.9 Trademarks and Equity

The Company has a trademark that was registered with the Ministry of Commerce (Trademarks Department*), and this will enable the Company to put its name and logo on the external facade of the building or offices occupied by the Company, as it has registered the trademark and granted it the necessary legal protection in accordance with the Trademark Law.

In marketing its services and products, the Company relies on its trade name registered in its commercial register, which is reflected in its logo, which supports its business and its competitive position, and gives it a clear distinction in the market among customers.

The table below shows the Company's brand details:

Table No. (90): Trademark

Trademark	Certificate No.	Owner Company	Registration date	Protection Start date	protection End date
	(143001259)	Allied Cooperative	27/11/1430H	13/02/1440H	12/02/1450H
		Insurance Group "ACIG"	(corresponding to 15/11/2009G)	(corresponding to 22/10/2018G)	(corresponding to 05/06/2028G)

Source: The Company

*The authority to register trademarks has been transferred to the Saudi Authority for Intellectual Property

The trademark is registered under category (36), with an artistic design as a logo that is a metaphor for the word "ACIG" written in Arabic in a distinctive font, next to it is a blue crescent in a circle, and under it is the word "ACIG" in Latin letters below it is the phrase "Safe Insurance" in the Arabic language, and the protection of the trademark does not include the phrase "Safe Insurance."

The Company does not have any other registered intellectual property rights, and the Company does not rely in its activities on any valuable intangible property such as trademarks, patents, copyrights or any other intellectual property.

10.10 Disputes and litigation

Here is a summary of the cases and litigations that remain:

In the course of carrying out its business, the Company was exposed to cases and lawsuits brought by some policyholders related to its insurance operations, and disputes and claims related to the insurance cover. As at the date of preparing this bulletin, there are:

- The number of 54 claims for a net amount of four million, eight hundred and fifty-eight, nine hundred and ninety-seven (4,858,997) Saudi Riyals.
- A request from the Health Insurance Council to pay a fine of seven hundred and thirty-five thousand (735,000) Saudi Riyals. Board of Grievances, and the grievance submitted to date has not been considered.
- A claim from the Council of Cooperative Health Insurance and which is registered with the Committee for Consideration of the Provisions of the Cooperative Health Insurance Law. The claim includes exceeding the statutory period for the payment of (6,080) financial claims to service providers (health centers). The plaintiff's claim also included the imposition of a fine of (5,000) riyals for each A financial claim, but the date for considering the case has not yet been set.

As at the date of preparing this bulletin, there are 363 cases before the committees for the resolution of insurance disputes (concerning the Motor insurance sector) against different parties with a total value of four million one hundred and two thousand five hundred and ninety-two (4,102,592) Saudi Riyals.

The Company has also filed a lawsuit that is still ongoing against a Company previously involved in its services, claiming Premiums due on a medical insurance policy in the amount of six hundred and fifteen thousand four hundred and fifty-six (615,456) Saudi Riyals.

The Company also acknowledges that it is not a party to any substantive lawsuit, claim or arbitration that would materially affect its business or financial condition.

10.11 Material information that has changed since the CMA's approval of the last Prospectus

The following is a summary of the most important information that has changed since the CMA's approval of the last share Prospectus (the rights issue Prospectus), which was issued on 18/10/1433H (corresponding to 05/09/2012G):

- Saudi Central Bank permit: Obtaining a permit from SAMA in 2009 to practice the insurance activity in its two branches (general insurance and health insurance).
- Headquarters: The Company's head office was moved from Jeddah to Riyadh after the approval of the Extraordinary General Assembly on 14/07/1435 AH (corresponding to 13/05/2014G).
- Branches: Branches of the Company were established in Al-Khobar, Khamis Mushait and Jeddah in 2018.
- Accumulated losses: The Company incurred accumulated losses during the past years, and on 28/01/1442H (corresponding to 16/09/2020G), the Company announced on its page on (Tadawul) that the cumulative losses decreased to zero by (0%) of the Company's capital. (For more information, please see Risk No. (2.1.2) "Risks of Accumulated Losses" from subsection (2.1) "Risks of the Company's Activity and Operations" from Section (2) "Risk Factors" of this Prospectus).
- Financial statements: The method of preparation has been modified to be in accordance with the International Accounting Standards for Financial Reporting (IFRS).
- Articles of Association: It has been updated in line with the amendments to the new companies' bylaw and was approved at the Extraordinary General Assembly meeting on 01/07/1442H (corresponding to 26/08/2020G).
- Governance: Approving internal governance regulations and policies related to the Company's governance in line with the provisions of the Corporate Governance Regulations issued by the CMA and the Insurance Companies Governance Regulations.
- Using the proceeds of the rights issue shares process on 18/10/1433H (corresponding to 05/09/2012G): there was no deviation or change from what was mentioned in the latest rights issue Prospectus.

10.12 Declarations regarding legal information

The Directors acknowledge the following:

- a) The issue does not violate the relevant laws and regulations in the Kingdom of Saudi Arabia.
- b) The issue does not prejudice any of the contracts and agreements to which the Company is a party.
- c) All essential legal information related to the Company has been disclosed in this Prospectus.
- d) Other than what is stated in Section (10.10) "Disputes and Litigations", the Company is not subject to any lawsuits or legal actions that, alone or in the aggregate, may materially affect the Company's business or financial condition.
- e) The Directors are not subject to any lawsuits or legal procedures which may, singly or collectively, fundamentally affect the Company or its subsidiaries' business or financial situation.
- f) The Company continues to comply with the requirements of SAMA until the date of this Prospectus, and pledge to continue complying therewith.
- g) The Company continues to comply with the requirements of the Ministry of Commerce until the date of this Prospectus, and pledge to continue complying therewith.

- h) The Company continues to comply with the requirements of the Ministry of Investment until the date of this Prospectus, and pledge to continue complying therewith.
- i) The Company continues to comply with the requirements of the Zakat, Tax and Customs Authority until the date of this Prospectus, and pledge to continue complying therewith.
- j) The Company continues to comply with the requirements of the Ministry of Human Resources and Social Development until the date of this Prospectus, and pledge to continue complying therewith.
- k) The Company continues to comply with the requirements of the law, regulations and instructions of the Capital Market and the Authority (Tadawul) until the date of this Prospectus, and pledge to continue complying therewith.
- l) As at the date of this Prospectus, the Company does not have any subsidiaries.

11 UNDERWRITING

The Company entered into an underwriting agreement with the Underwriter (Falcom Financial Services Company), pursuant to which the Underwriter shall cover an offering fifteen million (15,000,000) Ordinary Shares, at an offer price of Ten Saudi Riyals (SAR 10) per share, representing 100% of Rights Shares offered for subscription ("Underwriting Agreement").

11.1 Underwriter

Falcom Financial Services Company

Riyadh - Al-Wurud District - Olaya Street

PO Box 884 Riyadh 11421

Kingdom Saudi Arabia

Tel: +966 800 4298888

Fax: +966 11 2054827

Email: IPO@falcom.com.sa

Website: www.falcom.com.sa



11.2 Key terms of the Underwriting Agreement

The terms and conditions of the Underwriting Agreement provide that:

- 1) The Company undertakes to the Underwriter that, on the allocation date, it will allocate and issue to the Underwriter all Rights Shares that have not been subscribed for by Eligible Shareholders as additional shares at the Offer Price.
- 2) The Underwriter undertakes to the Company that it will, on the allocation date, purchase the Rights Shares not subscribed for by Eligible persons, as additional shares at the Offer Price.
- 3) The Underwriter shall, on account of underwriting, receive a specified amount of money to be paid from the Offering Proceeds.



12 Waivers

The Company has not applied for exemptions to the CMA in connection with the Offering.

13 Details on Shares and Offering Terms and Condition

The Company has filed an application for the registration and offering of the new shares to the CMA and to Tadawul for listing the new shares. All the requirements were fulfilled in accordance with the Rules on the Offer of Securities and Continuing Obligations and the Listing Rules.

All Eligible Shareholders and holders of acquired Rights must read the subscription terms and conditions carefully before electronic subscription, submission of the subscription application through a Broker, or filling out the Rump Offering application form. The submission of the Subscription Application or the signing and delivery of the Rump Offering Subscription application form constitutes acceptance of the mentioned terms and conditions.

13.1 Offering

The Offering is an increase in the Company's share capital by one hundred and fifty million Saudi Riyals (SAR 150,000,000 million) through the issuing of rights shares, divided into fifteen million (15,000,000) ordinary shares at a nominal value of SAR 10 per share and an offering price of ten Saudi Riyals (SAR 10) per share.

13.2 How to Apply for Subscription to the Rights (New Shares)

The Registered Shareholders and those wishing to subscribe to the Rights shall submit the subscription application during the Subscription-Period through the investment portfolio on trading platforms through which sale and purchase orders are entered, in addition to the possibility of subscribing through any other means provided by the Broker and Shares Custodian in the Kingdom during the Offering Period. If there is a Rump Offering Period, Subscription Application Forms can also be submitted during such a period by Institutional Investors for any rump shares only.

By subscribing, the subscriber:

- ✓ Agrees to subscribe to the Company's shares in the number of such shares specified in the Subscription Application Form;
- ✓ Declares that they have read the Prospectus and understood all of its contents;
- ✓ Accepts the Company's Bylaws and the terms mentioned in the Prospectus;
- ✓ Declares that it has not subscribed for the same shares under this offering and the Company has the right to reject all of their applications if it is proven that they submitted more than one application;
- ✓ Accepts the number of shares allocated thereto and all other subscription instructions and terms mentioned in the Prospectus and the Subscription Application Form; and
- ✓ Warrants not to cancel or amend the Subscription Application Form after submitting it to the Broker.

13.3 Subscription Application

The Eligible Person who wishes to exercise his full right and subscribe to all the shares of the rights in which he is entitled to subscribe must subscribe through the investment portfolio in the trading platforms through which buy and sell orders are entered, or through any other means provided by the broker and the custodian of the shares.

The number of shares in which the eligible person is entitled to subscribe is calculated according to the number of rights he owns. As for the subscription amount that the subscriber must pay, it is calculated by multiplying the number of existing rights that he owns before the end of the subscription period by (10) ten Saudi Riyals.

13.4 Trading Period, Subscription Period and Rump Offering Period

The Eligible Shareholders wishing to subscribe to the Rights shall submit the subscription application during the Offering Period, which begins on 30/05/1443H (corresponding to 03/01/2022G) and ends on 10/06/1443H (corresponding to 13/01/2022G).

The EGM on Capital Increase held on 25/05/1443H (corresponding to 29/12/2021G) approved the recommendation of the Board of Directors to increase the Company's share capital through a Rights Issue. Under this Prospectus, fifteen million (15,000,000) ordinary shares will be offered for subscription in the Rights Issue, representing 106.38% of the Company's share capital before the offering, at an Offer Price and nominal value of SAR 10 per share, with a total offering value of one hundred and fifty million Saudi Riyals (SAR 150,000,000). The new shares will be issued with (1) share for every one Right. Subscription to the rights shares offered to shareholders registered in the Company's shareholders register will be at the end of the second trading day following the Extraordinary General Assembly meeting on 29/05/1443H (corresponding to 02/01/2022G), and for those eligible who have purchased the rights During the Rights Trading Period, including the Registered Shareholders who purchased additional Rights along with their originally owned rights.

If Eligible persons have not exercised the Rights by the end of the Offering Period, the rump shares resulting from non-exercise or sale of those Rights will be offered to Institutional Investors in the Rump Offering Period.

Registered Shareholders may trade the Rights deposited in their portfolios via the Saudi Stock Exchange (Tadawul). These Rights are considered to be the acquired right of all shareholders recorded in the Company's Shareholders Register held with the Depository Center as of the close of the second trading day following the date of the EGM. Each Right grants its holder eligibility to subscribe to one New Share at the Offer Price. The Rights will be deposited after the EGM. The Rights will appear in the portfolios of the Registered Shareholders under a new symbol specifying the Rights Issue. Then, Registered Shareholders will be informed of the deposit of the Rights in their portfolios.

The schedule for the sequence and details of the Rights issue process will be as follows:

- 1) **Eligibility Date:** End of trading on the day of the EGM on 25/05/1443H (corresponding to 29/12/2021G).
- 2) **Trading Period and Subscription Period:** The Trading Period and Subscription Period start on 30/05/1443H (corresponding to 03/01/2022G). The Trading Period will end on 07/06/1443H (corresponding to 10/01/2022G), while the Offering Period will continue until the end of the day on 10/06/1443H (corresponding to 13/01/2022G).
- 3) **Rump Offering Period:** The Rump Offering Period starts on 15/06/1443H (corresponding to 18/01/2021G) at 10:00 AM until the following day at 5:00 PM on 16/06/1443H (corresponding to 19/01/2021G). Rump shares will be offered to a number of Institutional Investors, provided that such Institutional Investors shall submit offers to purchase the rump shares. The rump shares shall be allocated to Institutional Investors with the highest offer, then to the next one, and the allocation of those shares to Institutional Investors submitting the same offer will be pro rata. Fractional shares shall be added to the rump shares and treated in the same way. The subscription price of the new unsubscribed shares for this period will be offered at the Offer Price, as the minimum price. In case the sale price of such shares is higher than the Offer Price, the difference (if any) shall be distributed as compensation to the Rights Holders who did not exercise their rights in the subscription in proportion to their respective rights.
- 4) **Final Allocation of Shares:** Shares will be allocated to each investor based on the number of Rights properly and fully exercised by them. As for those entitled to fractional shares, fractional shares will be collected and offered to Institutional Investors during the Rump Offering. The Total Offer Price of the rump shares shall be paid to the Company, and all the remaining proceeds resulting from the sale of rump shares and fractional shares (in excess of Offer Price) shall be distributed to the Eligible persons not later than 02/07/1443H (corresponding to 03/02/2022G).
- 5) **Trading of the new shares on Tadawul:** Trading in the new shares will start on Tadawul upon the completion of all procedures relating to the registration, allocation and listing of the new shares.

The Company applied to the CMA to register and offer the new shares, and the Company has also applied to the Saudi Stock Exchange (Tadawul) to accept its listing.

13.5 Allocations and Refunds

The Company and the Lead Manager will open an Escrow Account in which the proceeds will be deposited.

The Rights Issue shares shall be allocated to the Eligible persons based upon the number of Rights that they properly exercised. As for Shareholders entitled to fractional shares, these shall be accrued and offered to Institutional Investors during the Rump offering. The Total Offer Price of the of rump shares shall be paid to the Company, and all the remaining proceeds, if any, resulting from the sale of rump shares and fractional shares (in excess of Offer Price) shall be distributed to the Eligible persons not later than 02/07/1443H (corresponding to 03/02/2022G). Note that the investor who did not subscribe or sell his rights, and the owners of fractional shares, may not get any compensation when selling shares in the Rump Offering Period at the Offering Price. Excess unsubscribed shares shall be purchased by and allocated to the Underwriter.

Final notice for the number of shares allocated to each Eligible Person without any charges or withholdings by the Lead Manager is expected to take place by depositing the shares into the accounts of Subscribers. Eligible persons shall contact the branch of the Broker through which the application is submitted for further information. Allocation of shares will be announced no later than 20/06/1443H (corresponding to 23/01/2022G).

The surplus (the rest of the Offering Proceeds in excess of the offering price) (if any) and the amount of compensation (if any) will be refunded to the eligible persons who did not exercise their right to subscribe in whole or in part to the new shares and to those entitled to fractional shares without any deductions, no later than one day 02/07/1443H (corresponding to 03/02/2022G).

13.6 Supplementary Prospectus

The Company shall submit to the CMA a supplementary Prospectus, in accordance with the requirements of the rules for offering securities and continuing obligations, if the Company becomes aware at any time after the date of publication of this Prospectus and before the completion of the offering of any of the following:

- That a material change has occurred to any of the basic information contained in this Prospectus.
- The emergence of any additional material issues that should have been included in this Prospectus.

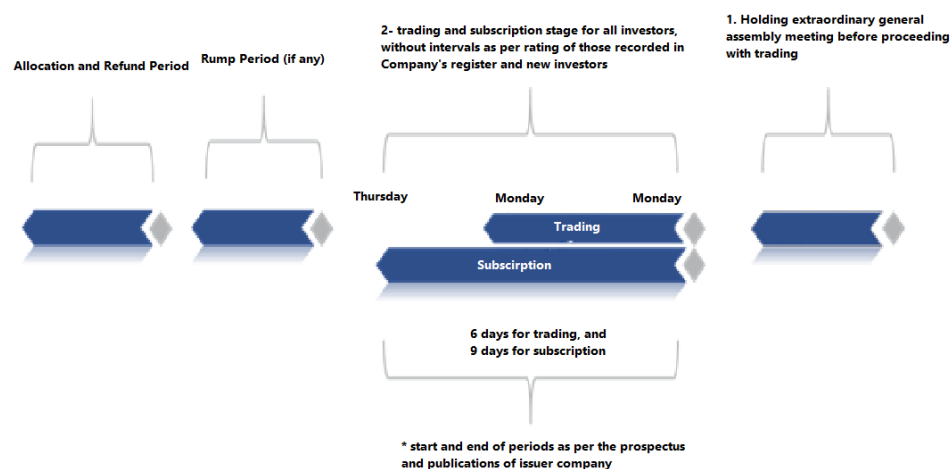
An investor who has subscribed to the new shares before publishing the supplementary Prospectus may cancel or amend his subscription to these shares before the end of the offering period.

13.7 Suspension and Cancellation of the Offering

The CMA may, at any time, issue a decision to suspend or cancel the offering if it deems that the offering may result in a breach of the Capital Market Law, its implementing regulations or market rules. Moreover, the offering will be canceled if the extraordinary general assembly does not approve any of the offering details.

The following figure shows the mechanism for trading and subscribing to traded rights:

Figure No. (2): Mechanism for trading and subscription of traded rights



Source: Tadawul

13.8 Q&A related to the Rights

What is a Rights Issue?

A Rights Issue is an offering of tradable securities that give their holders the right to subscribe for New Shares upon approval of capital increase. They are acquired rights for all Shareholders who own shares at the date of the EGM for capital increase, and who are registered in the Company's Shareholders Register held with the Depository Center at the close of the second trading day following the date of the EGM. Each Right grants its holder the right to subscribe for one New Share at the Offer Price.

Who is granted the Rights?

The Rights shall be granted to Shareholders registered in the Company's Register as of the close of the second trading day of the EGM on capital increase.

When are the Rights deposited?

Following the EGM and its approval to increase capital through a Rights Issue, the Rights shall be deposited as securities in the portfolios of shareholders registered in the Company's Shareholders Register held with the Depository Center at the close of the second trading day following the date of the EGM. The New Rights appear in their portfolios under a new code for the Rights. These Rights cannot be traded or subscribed by the Registered Shareholders until the beginning of the Trading Period and Subscription Period.

How are Registered Shareholders notified of the Rights being deposited in their portfolios?

The Registered Shareholders are notified through an announcement on the Tadawul website and through Tadawulati Service provided by the Depository Center and SMS's sent through intermediaries/brokers.

How many Rights can be acquired by a Registered Shareholder?

The number of Rights to be acquired by a Registered Shareholder is subject to the number of Shares ratio held by the Registered Shareholder in the Company's Shareholders Register at the Depository as at the close of the second trading day after the EGM.

What is the Rights Issue eligibility factor?

It's the means by which the Registered Shareholder can determine the Rights it is entitled to in relation to its shareholding under the Company's Shareholders Register held with the Depository Center at the close of the second trading day following the date of the EGM. It is calculated by dividing the number of New Shares by the number of the Company's existing Shares. It is the for example, if a company has issued one thousand (1,000) shares and increased its capital by offering two hundred (200) New Shares, its number of shares becomes one thousand and two hundred (1,200), making the ratio 1 to 5 (i.e. one share for every five shares)

Will the name and symbol of trading these rights differ from the name and symbol of the Company's shares?

The Rights will be deposited in the investors' portfolios under the name of the original share, and by adding the word "Priority Rights", they will be deposited in a new symbol for these rights.

What is the value of the Right upon commencement of trading?

The opening price of the Right is the difference between the closing price of the share on the day preceding the Rights listing and the Offer Price (the indicative value of the Right). For example (using hypothetical prices), if the closing price of a share on the preceding day is twenty-five Saudi Riyals (SAR 15) and the Offer Price is ten Saudi Riyals (SAR 10), the opening price of the Rights upon the commencement of trading will be fifteen Saudi Riyals (SAR 5).

Who is the Registered Shareholder?

A shareholder who appears in the Company's shareholder register at the end of the second trading day after the EGM.

Can Registered Shareholders subscribe to additional shares?

Yes. Registered Shareholders can subscribe to additional shares by purchasing new Rights through Tadawul during the Trading Period.

Is it possible for a registered shareholder to lose his/her eligibility to subscribe even if he has the right to attend the EGM and vote on raising the capital through rights issue?

Yes, the Shareholder loses his/her eligibility to subscribe if he sells his/her shares on the day of the Extraordinary General Meeting or one working day before it.

How does the Subscription take place?

Subscription Applications are submitted through the investment portfolio in the trading platforms through which the buy and sell orders are entered, in addition to the possibility of subscribing through any other means provided by the intermediaries and custodian.

Can an Eligible Person subscribe to more shares than the Rights owned by him/her?

An Eligible Person cannot subscribe to more shares than the Rights owned by him/her.

If the Company shares are acquired through more than one investment portfolio, in which portfolio will the Rights be deposited?

The rights will be deposited in the same portfolio in which the shares of the Company connected to the rights are deposited. For example, if a shareholder holds one thousand (1000) shares in the Company (eight hundred (800) shares in portfolio (a) and two hundred (200) shares in portfolio (b)), then the total rights (amounting to one thousand (1,046) rights, as each share is eligible for a right) will be deposited. Therefore, eight hundred and fifty one (851) rights will be deposited in portfolio (a) and two hundred and thirteen (213) rights will be deposited in portfolio (b).

Are share certificate holders allowed to subscribe and trade?

Yes, they are allowed to subscribe, but they cannot trade until after depositing the certificates in investment portfolios through the receiving agents or Depository Center Company (Edaa) and introducing the necessary documents..

Are additional Rights purchasers entitled to trade them once again?

Yes, purchasers of additional Rights may sell them and purchase other Rights only during the Trading Period.

Is it possible to sell a part of these Rights?

Yes, the investor may sell a part of these Rights and subscribe to the remaining part.

When can a Shareholder subscribe to the Rights it purchased during the Trading Period?

Any time during the Subscription Period (i.e., until the ninth day) after settlement of the purchase of Rights (two business days).

Can the Eligible Person sell the Right after expiry of the Trading Period?

No. After the expiry of the Trading Period, the Eligible Person may only exercise the right to subscribe to the Rights Shares. In case the Right is not exercised, the investor may be subject to loss or decrease in the value of his investment portfolio.

What happens to the Rights that are unsold or unsubscribed for during the Subscription Period?

If the New Shares are not fully subscribed for during the Subscription Period, the remaining New Shares will be offered for subscription through an offering to be organized by the Lead Manager. The amount of compensation (if any) to the Rights holder will be calculated after deducting the

subscription value and any other expenses according to the criteria defined by this Prospectus. The investor may not receive any consideration if the sale occurs during the Rump Offering Period at the Offer Price.

Who has the right to attend the Extraordinary General Assembly and vote on increasing the Issuer's share capital through a Rights Issue?

A shareholder registered in the Company's Shareholders Register at the Depository Center after the end of the trading session, on the date of the EGM, shall have the right to attend the EGM and vote on increasing the Issuer's share capital through a Rights Issue.

When is the share price adjusted as a result of increasing the Issuer's share capital through a Rights Issue?

The share price is adjusted by Tadawul before the start of trading on the day, following the EGM.

If an investor buys securities on the date of the EGM, will he/she be eligible for the Rights resulting from the increase of the Issuer's share capital?

Yes, as the investor will be registered in the Company Shareholders Register two business days after the date of the purchase of shares (i.e., at the end of the second trading day following the day of the EGM), bearing in mind that Rights will be granted to all shareholders registered in the Company Shareholders Register at the end of trading session on the second trading day following the date of the EGM. However, he/she may not attend or vote in the EGM for the capital increase.

If an investor has more than one portfolio with more than one broker, how will their Rights be calculated?

The investor's shares will be distributed to their portfolios according to the percentage of shareholding in each portfolio. In the event of share fractions, these fractions will be aggregated. If the outcome is an integer or more, the integer number will be added to the portfolio in which the investor has the largest number of Rights.

What are the Trading and Offering Periods?

Trading in and subscription for the Rights shall commence at the same time until the end of trading on the sixth day. However, subscription shall continue until the ninth day, as stated in the Prospectus and the Company's issued announcements.

Is it possible to subscribe during the weekend?

No.

Can investors, who are not Registered Shareholders, subscribe to the Rights Shares?

Yes. Investors can subscribe to the Rights Shares upon full purchase of Rights through Tadawul during the Trading Period.

Additional help:

In the event of any inquiries, please contact the Company at the e-mail (customermotore@acig.com.sa) and for legal reasons, the Company will only be able to provide the information contained in this Prospectus and will not be able to advise on the merits of issuing rights or even advise Financial, tax, legal or investment.

13.9 Decisions and approvals under which the shares will be offered

The decisions and approvals under which the shares will be offered are as follows:

- 1) The recommendation of the Company's board of directors in its meeting held on 21/05/1441H (corresponding to 16/01/2020G) to increase the Company's capital through the offering of rights issue shares at a value of one hundred and fifty million (150,000,000) Saudi Riyals, after obtaining all the necessary regulatory approvals and approval The Extraordinary General Assembly.

- 2) The Company obtained SAMA's no-objection to the capital increase under letter No. (42008428) dated 14/02/1442H (corresponding to 01/10/2020G).
- 3) The approval of the Saudi Stock Exchange (Tadawul) on the request to list the new shares on 05/07/1443H (corresponding to 17/02/2021G), and the publication of this Prospectus and all supporting documents requested by the CMA on the date of its announcement on the CMA's website on 13/12/1443H (corresponding to 20/09/2021G).
- 4) The approval of the CMA on the application for listing the new shares of the Company, and this approval was announced on the website of the CMA on 13/12/1443H (corresponding to 20/09/2021G).
- 5) The approval of the Extraordinary General Assembly of the Company's shareholders on 25/05/1443H (corresponding to 29/12/2021G) to increase the Company's capital through the issuance of rights shares, and the subscription consists of offering five Ten million (15,000,000) new ordinary shares at an offer price of ten Saudi Riyals (SAR 10) per share, with a nominal value of ten Saudi Riyals (SAR 10), in order to increase the Company's capital from one hundred and forty-one million (141,000,000) Saudi Riyals, to two hundred and ninety-one One million (291,000,000) Saudi Riyals, and an increase in the number of shares from fourteen million one hundred thousand (14,100,000) ordinary shares to twenty-nine million one hundred thousand (29,100,000) ordinary shares.

13.10 Miscellaneous Terms

- The Subscription Application Form and all related terms, conditions and covenants hereof shall be binding upon and inure to the benefit of the parties to the subscription and their respective successors, permitted assignees, executors, administrators and heirs. Except as specifically indicated herein, neither the application nor any of the rights, interests or obligations arising pursuant thereto shall be assigned or delegated by any of the parties to the subscription without the prior written consent of the other party.
- These instructions, conditions and receipt of any Subscription Application Forms or related contracts shall be governed, construed and enforced in accordance with the laws of the Kingdom of Saudi Arabia. This Prospectus may be distributed in Arabic and English. In case of conflict between the two texts, the Arabic text of the Prospectus shall prevail.

13.11 A statement of any arrangements in place to prevent the disposal of certain shares

There are no arrangements in place to prevent the disposal of any shares.

14 Change in share price as a result of capital increase

The closing price of the Company's share on the day of the EGM is [36.1] and it is expected to reach [23.27] at the opening session next day, and the change represents a decrease of [55.14%]. Failure to subscribe to any of the shareholders registered in the Company's Shareholders Register at the Depository Center at the end of the second trading day following the date of the EGM will lead to a decrease in their ownership percentage in the Company.

The method of calculating the Share Price as a result of capital increase is:

First: Calculation of the market value of the Company at the close of trading on the date of the EGM on capital increase:

Number of shares at the end of EGM multiplied by the closing price for the Company's share at the date of the EGM = market value of the Company at the close of trading at the date of the EGM.

Second: Calculation of the Share Price in the opening session on the day following the EGM on capital increase:

$$\frac{(\text{The market value of the Company at the close of trading on the date of EGM} + \text{Value of Offer Shares})}{(\text{Number of shares at the end of the EGM} + \text{the number of new shares offered for subscription})} = \text{share price expected for the opening session on the day following the date of EGM.}$$

15 Declarations Relating to Subscription

15.1 About the Subscription Application and Undertaking

Subscription can be made using trading platforms or any other means provided by the broker to investors. The new shares will be subscribed for in a single stage as follows:

- 1) In this period, all Registered Shareholders and new investors will be allowed to subscribe to the new shares.
- 2) A Registered Shareholder will be entitled to subscribe directly to the number of its shares during the offering period. If it purchases new Rights, it may subscribe to them by the end of the settlement period (two working days).
- 3) New investors will be allowed to subscribe to new shares by the end of the settlement period (two working days).
- 4) Subscription will be available online through investment portfolios in trading platforms and applications, through which sale and purchase orders are entered, as well as through other channels and means provided by the broker.

Each Right entitles its holder to subscribe to one new share, at the offering price. The subscriber to the new shares shall acknowledge the following:

- ✓ His acceptance of all terms and conditions of subscription contained in this Prospectus.
- ✓ He has read this Prospectus and all its contents, carefully studied the same and understood its content.
- ✓ His acceptance of the Company's bylaws.
- ✓ Undertaking not to cancel or modify the subscription application after its implementation.

15.2 Allocation process

The Rights Issue Shares shall be allocated to the Eligible persons based upon the number of Rights that they properly exercised. As for those entitled to fractional shares, fractional shares will be collected and offered to Institutional Investors during the Rump Offering. The Total Offer Price of the rump shares shall be paid to the Company, and all the remaining proceeds resulting from the sale of rump shares and fractional shares (in excess of the Offer Price) shall be distributed to the Eligible persons no later than 02/07/1443H (corresponding to 03/02/2022G). Excess Unsubscribed Shares shall be purchased by and allocated to the Underwriters.

Eligible persons shall contact at broker through which they have submitted the Subscription Application Form to obtain any further information. Notification of the final allocation results will be made no later than 20/06/1443H (corresponding to 23/01/2022G).

15.3 Saudi Stock Exchange ("Tadawul")

Tadawul was founded in 2001G as the successor to the Electronic Securities Information System. In 1990G, full electronic trading in Saudi Arabian equities was introduced. Trading is performed on each Business Day from Sunday to Tuesday of each week from 10am to 3pm. During this period, the orders are executed. However, other than those times, orders can be entered, amended and deleted from 09:30 am until 10:00 am.

Transactions take place through the automatic matching of orders according to the price level. In general, market orders that are placed at best price are executed first, followed by limit orders that are placed at a price limit. If several orders are generated at the same time, they are executed according to the time of entry.

Tadawul distributes a comprehensive range of information through various channels, in particular the Tadawul website, which supplies trading data in real time to information providers such as Reuters. Transactions are automatically settled within two business days according to (T+2).

The Company should report all material decisions and information to the investors via Tadawul. Surveillance and monitoring are the responsibility of Tadawul as the operator of the market to ensure fair trading and an orderly market.

15.4 Trading the Company's shares in the Tadawul

The application for listing and offering of the new shares has been submitted to Saudi Stock Exchange ("Tadawul"), and this Prospectus has been approved and all requirements have been met.

The listing and offering are expected to be approved, and trading is expected to commence on the Saudi Stock Exchange ("Tadawul") once the final allocation of the rights has been concluded. An announcement will be made on the Tadawul website in due course. The dates and times stated in this Prospectus are only provisional and may be changed subject to approval of the CMA.

Although the Existing Shares are registered in Tadawul, it will only be possible to trade with the new shares once the allocation of the new shares has been approved and these have been deposited in the subscribers' portfolios. It is absolutely forbidden to trade in the new shares until the allocation process has been approved.

Subscribers or proposal providers in the Rump Offering and who deal in restricted trading activities will be fully liable for their dealing in such activities, and the Company will not bear any legal liability in this case.

16 Policies available for inspection

The following policies will be available for review at the headquarters of the Allied Cooperative Insurance Group "ACIG" located in the city of Riyadh, its address – Hittin District – Prince Turki bin Abdulaziz Al Awwal Road, PO Box 40523 Riyadh 11511, Kingdom of Saudi Arabia, during official working days from Sunday to Thursday between 08:00 AM until 04:00 PM, starting from the first working day after the date of the convening of the Extraordinary General Assembly, provided that this period is not less than 14 days before the date of the Extraordinary General Assembly meeting. These policies will remain available for inspection until the end of the offering:

Policies for incorporation and Company bylaw:

- Commercial Register.
- Bylaw.

Approvals related to capital increase shares:

- The Board of Directors' decision to recommend a capital increase.
- No objection to SAMA to increase the capital.
- A copy of the announcement of the CMA's approval of the rights issue.
- The approval of the Saudi Stock Exchange (Tadawul) to list the rights issue shares.

Reports, letters and policies:

- Underwriting agreement and underwriting management agreement.
- Written approvals by the financial advisor, lead manager, underwriter, legal advisor and auditor to use their names, logos and statements in the Prospectus.



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