



Prospectus of Aljazira Takaful Ta'wuni Company

Saudi Joint Stock Company (under incorporation) according to the Council of Ministers Resolution No. (137) dated 27/4/1431H (corresponding to 4/12/2010G) and Royal Decree No. (M/23) dated 28/4/1431H (corresponding to 13/4/2010G with its headquarters in Jeddah

Subscription Period from 03/07/1434H (corresponding to 13/05/2013G) to 09/07/1434H (corresponding to 19/05/2013G).

Aljazira Takaful Ta'wuni Company (hereinafter referred to as "(Aljazira Takaful Ta'wuni)" or "The Company") is a Saudi joint stock company under incorporation, its incorporation license was approved in accordance with the Council of Ministers Resolution No. (137) dated 27/4/1431H and Royal Decree No. (M/23) issued on 28/4/1431H. The company capital under incorporation is (350,000,000) three hundred and fifty million Saudi Riyal divided into (35,000,000) thirty five million ordinary shares with a nominal value of (10) ten Riyal per share ("Shares"). Following the completion of subscription and holding the Constituent General Assembly, the company plans to submit a request to His Excellency the Minister of Commerce and Industry to announce the incorporation of the company. The company shall be considered officially established as a joint stock company from the date of publishing the Minister of Commerce and Industry's Resolution ("Ministerial Decree") announcing its incorporation and publishing its Memorandum of Association (MoA) and Article of Association ("AoA") in the Official Gazette and the issuance of its commercial register ("Commercial Register").

The initial public offering of the company shares ("Offering" or "IPO") shall be for ten million five hundred thousand (10,500,000) ordinary shares ("Shares Offered for Subscription") with a nominal value per share of (10) Saudi Riyal represent a total of 30% of the company capital. Subscription shall be limited to Saudi natural persons (hereinafter referred to them collectively as "Subscribers" or individually as "Subscriber"), also a Saudi woman who is divorced or widowed, who has minor children with a non-Saudi husband may subscribe in their names in her interest, provided that she submits proof that she is divorced or widowed, and proof that she mothered the minors. The subscription application shall be considered void for those who subscribe in the name of his divorcee. Net IPO proceeds, after deducting IPO expenses by the company, in addition to the capital paid by the founding shareholders shall be used to finance the additional expenses related to the incorporation of the company, its preliminary development and the general requirements of working capital, as well as maintaining the minimum financial solvency margin as per the requirements of the Cooperative Insurance Companies Control Law and its implementing regulations, and maintain the minimum capital required in addition to company transactions and investments (kindly refer to the section on "use of subscription proceeds").

Prior to completing the IPO, each of the founding shareholders in the company, whose names are shown on page (P) hereinafter referred to them collectively as the "Founding Shareholders" subscribed a total of (24,500,000) twenty four million and five hundred thousand shares, at the value of ten Riyals per share paid in full, representing 70% of the total company capital. The sum of (245,000,000) two hundred and forty five thousand Saudi Riyal representing the value of these shares were deposited in Bank Aljazira, and thus the Founding Shareholders shall maintain a controlling share in the company after the completion of the subscription (kindly refer to the section on IPO Conditions and instructions). Bank Aljazira is considered the major shareholder in the company with a share of 30%, in addition to eight shareholders, each owning 5% of the company, they are Aljazira Capital, Abdul Latif Al-Melhem & Co. for Contracting, Itfihad Al Khwa Development Company, Al Qasabi Contracting Co. Limited, Khaled Al Baltan for Commercial Investment Company, Al-Taj Regional Company for Development Ltd., Al-Fawasel Regional Investment Company Ltd., Sukuk Regional Investment Company Ltd.

Shares shall be offered for subscription on 3/07/1434H (corresponding to 13/05/2013G) and continues for 7 full days so that the last day for closing the subscription on 09/07/1434H (corresponding to 19/05/2013G ("Subscription Period"). Subscription applications can be submitted at any branch of the receiving entities ("Receiving Entities") during the Subscription Period. Each subscriber must subscribe in (50) fifty shares as a minimum, with the maximum to each subscriber is (100,000) one hundred thousand shares. The minimum for allocation is (50) shares per subscriber, with remaining shares (if any) shall be offered for subscription on a pro rate basis based on the percentage requested by each subscriber to the total number of shares for subscription. In case the number of subscribers exceeded (210,000) two hundred and ten thousand subscribers, the company shall not guarantee the minimum allocation, and the subscription shares shall be allocated equally to the number of subscribers. In case the number of subscribers exceeded that of the shares offered for subscription, the allocation shall be as decided by the Capital Market Authority ("The Authority"). The subscription surplus (if any) shall be returned to the subscribers without any commissions or deductions by the receiving entities. The allocation process and surplus return (if any) shall be announced no later than 16/07/1434H (corresponding to 26/05/2013G) (refer to the section "IPO Conditions and Instructions" and "Allocation and Surplus Return").

The company shares shall be of one category that includes the shares of the Founding Shareholders and the subscription shares, with no shareholder given preferential voting rights. Each share shall give its holder the right to one single vote. Each shareholder who owns a minimum of (20) shares may attend the General Assembly meetings ("General Assembly Meeting") and vote in them. As for the Constituent General Assembly, any shareholder may attend it without a minimum number of shares. Shares offered for subscription shall be payable any profits announced by the company as of the incorporation of the company and for subsequent fiscal years. (refer to the section on "Dividends Distribution Policy").

Underwriter



Financial Advisor



Flotation Manager



Receiving Entities



There is no market for company shares whether in the Kingdom of Saudi Arabia ("The Kingdom") or abroad prior to offering them for public subscription. The company had submitted a request to the Capital Market Authority in the Kingdom of Saudi Arabia to register the shares on the official list, this prospectus was approved, and all supporting documents requested by the Authority were completed. All official approvals were acquired for offering the shares. It is expected to start trading the shares on the market soon upon the completion of the share allocation process and the issuance of the ministerial decree announcing the incorporation of the company (refer to "Important Dates for Subscribers"). Saudi individuals, companies, banks and investment funds as well as Gulf Cooperation Council countries' nationals and residents of the Kingdom shall be permitted to trade on the shares after shares start trading on the market. The sections "Important Notice" and "Risk Factors" mentioned in this prospectus must be studied before making the decision to invest in the subscription shares according to this prospectus.

This prospectus includes information given in compliance with the Listing Rules of the Capital Market Authority of the Kingdom of Saudi Arabia (the "Authority"). The directors, whose names appear on page (F), 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. 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 prospectus was issued on 6/6/1434H (corresponding to 22/4/2013G)

This is an English Translation of the Official Arabic Prospectus. In case of discrepancy the Arabic version is considered correct



سَمَاءُ
الْقَمَرِ
لِلْكَافِرِ

Important Notice

This prospectus provides full details on the information pertaining to Aljazira Takaful Ta'wuni Company and the shares offered for subscription. When submitting a request to subscribe into the shares offered for subscription, investors shall be treated on the basis that their requests are based on the information mentioned in this prospectus, copies of which can be acquired from the Company, the financial advisor, Flotation Manager, or receiving entities. It is also possible to acquire electronic copies from the websites of each of the Company (www.ajt.com.sa), the Capital Market Authority (www.cma.org.sa), Flotation Manager (www.aljaziracapital.com.sa), financial advisor (www.bmg.com.sa) or receiving entities.

The company appointed BMG Financial Group as its financial advisor in this matter, (hereinafter referred to as "BMG" or "Financial Advisor"), also Aljazira Capital Company was appointed as a Flotation Manager. Al Bilad Investment Company was appointed as the sole underwriter with respect to the shares offered for subscription as mentioned in this prospectus.

This prospectus includes information that was presented according to the Listing Rules issued by the Capital Market Authority in the Kingdom of Saudi Arabia (referred to as the "Authority"), with the nominated members of the Board of Directors whose names are listed on page (F) held collectively and individually fully liable for the accuracy of the information mentioned in this prospectus, and affirm that according to their knowledge and belief, after conducting all reasonably possible studies, that there are no other facts that if not included in the prospectus would make any benefit mentioned in it misleading. Neither the Authority nor the Saudi Stock Exchange shall be liable for the contents of this prospectus, nor do they provide any affirmations pertaining to its accuracy or comprehensiveness, and explicitly disclaim any responsibility whatsoever for any loss resulting from what has been mentioned in this prospectus or for depending on any part thereof.

The company had conducted reasonable investigations to affirm the authenticity of the information included in this prospectus at the date of their publication. A significant part of the information mentioned about the market and sectors is acquired from external sources. Although none of the company, the members of the Board of Directors, Aljazirah Capital Company or the company advisors whose names are mentioned on page (G) have any reason to believe that the information mentioned regarding the market and the sectors is fundamentally inaccurate, yet the company, Board of Directors, current shareholders, financial advisor, or any of the company advisors whose names are mentioned on page (G) did not independently check the information listed in this prospectus on the market and the sectors, and accordingly, there is no guarantee as to the authenticity or comprehensiveness of the information.

The information included in this prospectus at the time of its publication is liable to change, particularly regarding the financial status of the company and the value of the subscription shares that could be negatively affected by future developments such as inflation, interest rates, taxes, or other economic or political factors outside the control of the company. Submitting this prospectus or any transaction; or any oral, written or printed communications regarding the shares offered for subscription should not be considered as a promise, pledge or authorisation to realise future revenues, outcomes or events.

This prospectus should not be considered a recommendation by the company, founding shareholders or any of their advisors to participate in the IPO. The information contained in this prospectus is considered of a public nature, prepared without taking into account individual investment objectives, financial position or special investment requirements. Each recipient of the prospectus, and prior to making a decision to invest, is responsible for getting an independent professional advice regarding the IPO to evaluate the extent to which the information listed in this prospectus suits his/her own objectives, conditions and financial needs.

Subscription is limited to natural persons. A Saudi woman who is divorced or widowed and who has minor children by a non-Saudi husband may subscribe under their names for her interest in the company shares offered for IPO, provided that she submits proof that she is divorced or widowed and proof of her mothering the minors. It is also prohibited to distribute this prospectus or sell the IPO shares in another country. The company, founding shareholders, financial advisor and Flotation Manager ask those reviewing this prospectus to identify any official restrictions and abide by them.

Information on the Sector and Market

The information mentioned in this prospectus with respect to the insurance sector and the other information pertaining to the market in which the company conduct its business was acquired from various sources. The company had conducted reasonable investigations to affirm the authenticity of the sources, and although BMG or any of the company advisors whose names are mentioned on page (G) have no reason to believe that there are no incorrect information included in these sources and estimates, yet there is no statement or guarantee on the accuracy or comprehensiveness of any of them. Some of these sources are:

(1) Company estimates and expectations

(2) Information and analysis pertaining to the insurance industry, which were acquired from sources and materials issued by other parties and available to the public. The consent of that information providers was not acquired to mention their names in this prospectus:

Saudi Arabian Monetary Agency

The Saudi Arabian Monetary Agency was established in 1952G. The Agency is responsible for main duties including issuing the national currency, act as the government bank, monitor the commercial banks active in the Kingdom, manage the foreign reserves of the Kingdom, set and implement the monetary policy to preserve the stability of prices and exchange rates, encourage the growth of the financial system to guarantee its safety, and regulate and supervise the work of insurance companies, re-insurance and service providers.

The data prepared by the Saudi Arabian Monetary Agency that was used in this prospectus is available publicly and can be acquired online, and therefore, no written consent was requested to use this information.



P.O. Box 2992 Riyadh 11169
Kingdom of Saudi Arabia
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www.sama.gov.sa

Swiss Re-Insurance Company (Swiss Re)

A leading global company in the field of re-insurance, established in 1863G in Zurich, Switzerland, and operates in more than 25 countries around the world. The company issues reports on the insurance sector around the world, and these reports are available to the public online. It is worth noting that Swiss Re is considered one of the main re-insurance suppliers for the Company.

The data prepared by Swiss Re that was used in this prospectus is available publicly and can be acquired online, and therefore, no written consent was requested to use this information.



Mythenquai 50/60
P.O. Box 8022
Zurich
Switzerland
Tel: +41 43 2852121
Fax: +41 43 2852999
www.swissre.com

Alpen Capital Group (Alpen Capital)

Alpen Capital is a leading investment bank that provides its services to its clients from companies in the Arabian Gulf and Asia through its offices in Dubai, Muscat, Doha, Manama, Delhi, Mumbai, and Bengalur. Its services include debt advice, merger and acquisition, and shares services. It published and publishes numerous economic and financial reports to cover some sectors in the Gulf region including insurance.

Some of the prepared data in the report on the Insurance Industry in Gulf Cooperation Council Countries dated 21 August 2011G was used, and the written consent of Alpen Capital was acquired to include their name, logo and statement in this prospectus.



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Also none of the parties mentioned above or any other parties related to it have any share or interest whatever its kind in the source or any affiliated company, with exception of Swiss Re, which is considered one of the main re-insurance providers of the company.

Future Financial Information

The future financial statements of the company prior to the first IPO and the attached notes that were listed in the prospectus were prepared according to the accounting standards issued by the Saudi Organization for Certified Public Accountants. The company will issue its financial statements in Saudi Riyal (S. R.).

Future Projections and Statements

The projections mentioned in this prospectus were prepared on the basis of specific and announced assumptions. Future operation conditions may vary from the used assumptions, and therefore, this prospectus does not include any endorsement, guarantee or assurance with respect to the accuracy or comprehensiveness of these projections.

Some of the projections mentioned in this prospectus, which are not considered historic facts, represent future data that include without limitation, the data pertaining to the financial status, work strategy, and company plans and objectives with respect to future transactions (including development plans and the objectives of the company), which can be inferred through words with future significance such as "plans", "estimates", "thinks", "intends", "expects", "should", "could", "possibly", "maybe", "probably", "will", "might", used in the negative or affirmative, as well as other similar or alike words, which indicate talking about the future. These future projections reflect the current points of view of the company regarding future events, and are not a guarantee of future performance. Many of the elements may cause significant variations in the actual results of the company, its performance and achievements compared to what was expected explicitly or implicitly in this prospectus or the future performance or achievements that may be expressed or implied by the future projections statements in this prospectus. Also, some of the risks and factors that may have this effect are mentioned in more details in other sections of this prospectus (kindly refer to the section on "Risk Factors"). If it was found that any of the projections were inaccurate or incorrect, then the final results may change fundamentally from the results mentioned in this prospectus.

Taking into account the requirements of the listing rules, Aljazira Tankful Ta'wuni Company is committed to provide supplementary prospectus approved by the Capital Market Authority after approving the original prospectus and before listing the shares of Aljazira Takaful Ta'wuni Company on the official list in case the company becomes aware that (1) a fundamental change had occurred to the prospectus or any document required under the rules of registration and listing. (2) Significant changes with the company's knowledge which were supposed to have been attached to this prospectus. In other than the two previous cases, the company does not intend to update or amend any information pertaining to the sector, the market or the future statements included in this prospectus, whether this was a result of new information, future incidents or otherwise. As a result of the aforementioned, the other risks, probabilities and projections, projections of future incidents and circumstances shown in this prospectus may not occur in the way expected by the company or may not occur at all. Accordingly, potential investors must check all future statements in light of these explanations and not depend primarily on future statements.

Company Directory



Company Representatives

Sager Abdul Latif Nadershah

P.O. Box: 6277 Jeddah
Post Code: 21442
Address: Musaedy Commercial Centre, Madina Road
Tel: 02-6677302
Fax No.: 02-6677284
E-mail: Snadershah@baj.com.sa

Main Address of the Company

Aljazira Takaful Ta'wuni Company
Musaedy Commercial Centre, Medina Road
P.O. Box: 6277, Jeddah: 21442
Kingdom of Saudi Arabia
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Fax: +996 2 6677284
Website: www.ajt.com.sa
E-mail: info@ajt.com.sa

Ayed Matar Al-Githami

P.O. Box: 6277 Jeddah
Post Code: 21442
Address: Musaedy Commercial Centre, Madina
Tel: 02-6618686
Fax No.: 02-6677319
E-mail: Aalgithami@baj.com.sa

Board of Directors Secretary

Ayed Matar Al-Githami

P.O. Box: 6277 Jeddah
Post Code: 21442
Address: Musaedy Commercial Centre, Madina
Tel: 02-6618686
Fax No.: 02-6677319
E-mail: Aalgithami@baj.com.sa

Nominated Board Members

	Name	Nationality	Age	Post	Representation	Direct Ownership	Indirect Ownership	Total	Independence	Executive
1	Abdul Majeed Ibrahim Abdul Mohsen Al-Sultan	Saudi	47	Chairman of the Board of Directors	Ittihad Al Ikhwa Development Company	-	1.45506%	1.45506%	Non-Independent	Non-Executive
2	Ziyad Tarek Abdullah Abalkahl	Saudi	50	Member	Aljazira Capital	-	-	-	Non-Independent	Non-Executive
3	Sager Abdul Latif Nadershah	Saudi	47	Managing Director	Bank Aljazira	-	-	-	Non-Independent	Executive
4	Latif bin Mohamed bin Abdul Aziz bin Ghaith	Saudi	67	Member	Public	-	-	-	Independent	Non-Executive
5	Saad Ibrahim Saad AHMushaweh	Saudi	51	Member	Public	-	-	-	Independent	Non-Executive

Shares Registrar



Saudi Stock Exchange (Tadawul)
Al-Ta'wunia Towers
700 Kind Fahd Road
Tel: +966 1 218 9999
Fax: +966 1 218 9090
P.O. Box 60612 - Riyadh 11555
Kingdom of Saudi Arabia
(www.tadawul.com.sa)

Advisors



Financial Advisor

BMG Financial Group
Palstine St., Alhamra dist
P.O. Box 52972
Jeddah 21573
Kingdom of Saudi Arabia
Tel: +966 2 668 1777
Fax: +966 2 668 1888
Website: www.bmg.com.sa
E-mail: info@bmg.com.sa



Legal Advisor for IPO

Meshaal Al-Aqeel Attorneys and Legal Consulting
In Cooperation with Hourani & Associates
Al-Olaya Street, Serekon Building 12, Level 7
P.O. Box 67356 - Riyadh 11596
Kingdom of Saudi Arabia
Tel: +996 (1) 2931234
Fax: +996 1 2930051
Website: www.houraniassociates.com
E-mail: info-ksa@houraniassociates.com



Financial Due diligence Advisor PricewaterhouseCoopers

Jamil Square, P.O. Box 16415
Jeddah 21464
Kingdom of Saudi Arabia
Tel: +966 (2) 610-4400
Fax: +966 (2) 610-4411
Website: www.pwc.com/middle-east

Disclaimer

All the aforementioned entities gave their written consent to mention their names in this prospectus, also the entities that provided a statement in this prospectus have given their consent to publish this statement in this context, and the said consent was not withdrawn. It is worth noting that all these entities and their employees or any of their relatives do not own shares or have any interest whatsoever in the company or any of its affiliates. For these purposes, the word interest shall mean owning any part of the company or the parent company excluding the companies on the stock exchange as in the date of this prospectus.

Banks and Entities Participating in the IPO

Underwriter



Albilad Investment Company

Al-Wurud District - King Abdullah Road
P.O. Box 140 Riyadh 11411
Kingdom of Saudi Arabia
Tel: +96612039888
Fax: +96612039899
Website: www.albiladinvest.com
E-mail: Clientservices@albiladinvest.com

Flotation Manager



Aljazira Capital

Headquarters: Musaedyia Commercial Centre, Medina Road
P.O. Box 6277, Jeddah 21442, Kingdom of Saudi Arabia
Tel: +966 26692779, Fax: +996 26618388
Website: aljaziracapital.com.sa
E-mail: contactus@aljaziracapital.com.sa

Receiving Entities



Bank Aljazira

Headquarters: King Abdul Aziz Road
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Tel: +966 2 6098888, Fax: +996 2 6098881
Website: www.baj.com.sa
E-mail: info@baj.com.sa



Al Rajhi Bank

Headquarters: Al-Ulayya Public Road
P.O. Box 28, Riyadh 11411, Kingdom of Saudi Arabia
Tel: +966 12116000, Fax: +996 1 4600705
Website: www.alrajhibank.com.sa
E-mail: ContactCenter1@alrajhibank.com.sa



Bank AlBilad

Al-Malz District, Al-Setin Street
P.O. Box 140
Riyadh 11411
Tel 00966 1 4798888
Fax 00966 1 4798898
Website: www.bankalbilad.com
E-mail: MailgroupIPO@albilad.com



Riyad Bank

Headquarters: King Abdul Aziz Road
P.O. Box 22622, Riyadh 11416, Kingdom of Saudi Arabia
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Website: www.riyadbank.com
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Saudi Hollandi Bank

Headquarters: King Abdul Aziz Road
P.O. Box 1467, Riyadh 11431, Kingdom of Saudi Arabia
Tel: 00966-1-4010288, 00966-1-4067888
Fax: 00966-1-4031104
Website: www.shb.com.sa
E-mail: customercare@shb.com.sa

Principal bank for the Company



Bank Aljazira

Headquarters: King Abdul Aziz Road
P.O. Box 6277, Jeddah 21442, Kingdom of Saudi Arabia
Tel: +966 2 6098888, Fax: +996 2 6098881
Website: www.baj.com.sa
E-mail: info@baj.com.sa

IPO Summary

The Company	Aljazira Takaful Ta'wuni Company is a Saudi public joint stock company under incorporation, its incorporation license was approved under Council of Ministers Resolution No. 137 dated 27/4/1431H, and Royal Decree No. (M/23) issued on 28/4/1431H approving the incorporation of the company in accordance with the Companies Law issued under Royal Decree No. (M/6) dated 22/3/1385H and the Cooperative Insurance Companies Control Law, issued under Royal Decree No. 32 dated 2/6/1424H and its Implementing Regulations issued under Council of Ministers Resolution No. 1/596 dated 1/3/1425H.
Company Incorporation	The company acquired approval for incorporation as an insurance company under Council of Ministers Resolution No. 137 dated 27/4/1431H, and Royal Decree No. (M/23) dated 28/4/1431H. The company received initial approval from the Saudi Arabian Monetary Agency to exercise cooperative insurance activity. The company shall be incorporated finally after completing the initial public offering and following the issuance of the Minister of Commerce and Industry's resolution to announce the incorporation of the company following the meeting of the Constituent General Assembly.
Company Activity	The company shall exercise insurance activities in the sector of protection and saving in accordance with the Cooperative Insurance Companies Control Law and its Implementing Regulations as amended. Upon acquiring its commercial register, the company must apply to the Saudi Arabian Monetary Agency to get its final license to practice the insurance activities it wishes to provide.
Company Capital	350,000,000 Saudi Riyal.
IPO Price	10 Saudi Riyal per subscription share.
Nominal Value	10 Saudi Riyal per subscription share.
Total number of issued shares	35,000,000 ordinary shares.
Number of shares offered for IPO	10,500,000 ordinary shares.
Percentage of shares offered for IPO to issued shares	30% of the company share capital.
Total value of the shares offered for IPO	105,000,000 Saudi Riyal.

Number of share to be unwritten	10,500,000 shares.
Total value of offering to be underwritten	105,000,000 Saudi Riyal.
Categories of targeted investors	Subscription shall be limited to Saudi natural persons, also a Saudi woman who is divorced or widowed, who has minor children with a non-Saudi husband may subscribe in their names in her interest, provided that she submits proof that she is divorced or widowed, and proof that she mothered the minors. The subscription application shall be considered void for those who subscribe in the name of his divorcee.
Total number of shares offered to each category of targeted investors	10,500,000 shares shall be offered to a single category, which is for Saudi natural persons.
Minimum subscription	50 shares per subscriber.
Value of the minimum subscription	500 Saudi Riyal.
Maximum subscription	100,000 shares per subscriber.
Value of the maximum subscription	1,000,000 Saudi Riyal.
Use of Proceeds	It's expected for the total revenues from offering the shares to reach (105,000,000) Saudi Riyal "one hundred and five million SAR". The net IPO revenues after deducting the IPO costs of (5,403,311) Saudi Riyal (five million four hundred and three thousand and three hundred and eleven SAR), in addition to the subscribed sums by founding shareholders shall be used (1) In investment funds in compliance with to SAMA requirements, so that it is used, when necessary, to invest in the assets necessary for the Company work. In addition to sustain the solvency margin required according to the Cooperative Insurance Companies Control Law and its implementing regulations in order to maintain the minimum capital required, in addition to that a part may be used, when necessary, To fund the insurance portfolio of Bank Aljazira, (2) As a consolidated bank custody according to the implementing regulations requirements related to the Cooperative Insurance Companies Control Law, (3) in covering the pre-incorporation expenses including the incorporation expenses, operational expenses and the requirements of the working capital (kindly refer to the section on "Use of IPO Proceeds").

Subscription Method	Subscription applications shall be provided for individuals through the branches of the receiving entities mentioned in the prospectus. These applications shall be filled-in in accordance with the instructions shown in the section on "IPO Conditions and Instructions" of this prospectus. Subscribers who have previously participated in previous initial public offerings can apply through the internet, telephone banking, or ATMs affiliated to the receiving entities offering such service to its clients who have previously participated in one of the recently held initial public offerings.
Allocation of Subscription Shares	The allocation and surplus return shall be announced no later than 16/07/1434H (corresponding to 26/05/2013G) and the allocation shall be at a minimum of (50) shares per subscriber, with the remaining shares offered for subscription (if any) allocated on a pro rata basis based on what has been requested by each subscriber to the total shares to be subscribed into, and if the number of subscribers exceeded (210,000) two hundred and ten thousand subscribers, the company shall not be able to guarantee the minimum allocation, in which case, the shares shall be distributed equally between all subscribers. In case the number of subscribers exceeded the number of shares offered, allocation shall be as decided by the Capital Market Authority. (Kindly refer to the sections on "Subscription Conditions and Instructions" and "Allocation and Surplus Return").
Subscription Sums Surplus	The subscription surplus (if any) shall be returned to the subscribers without any commissions or deductions by the receiving entities. The allocation process and surplus return shall be announced no later than 16/07/1434H (corresponding to 26/05/2013G) (refer to the section on "Subscription Conditions and Instruction" and "Allocation and Surplus Return").
Period of Subscription	Subscription shall begin on 03/07/1343H (corresponding to 13/05/2013G) and continues for 7 days including the last day for closing the subscription on 9/07/1434H (corresponding to 19/05/2013G).
Listing and Trading of Shares	There was no market for the company shares in the Kingdom or abroad before offering them for subscription. The company had submitted an application to the Authority to register the shares on the official list, this prospectus and all the supporting documents requested by the Authority were approved. All official approvals necessary for offering the shares were acquired. It is expected to start trading the shares on the market soon after concluding the allocation process of the shares and completing all related official procedures, including completing the establishment of the company and committing to the mandatory items from the Corporate Governance Regulations (kindly refer to the section on "Important Dates for Subscribers").
Voting Rights	The company has one category of shares, and no shareholder has any preferential voting rights. Each share offers its owner a single vote, and each shareholder has at least 20 votes may attend and vote on the general assembly meetings, while in relation to the Constituent General Assembly, any shareholder may attend it without any minimum number of shares owned (kindly refer to "Summary of Company Bylaws").

Restrictions on the Transfer of Founding Shareholders.	Founding shareholders are subject to the restriction of not being allowed to dispose their shares for three full fiscal years at least twelve months each ("Restriction Period") from the date of company incorporation. The consent of the Capital Market Authority and the Monetary Agency must be acquired before any of the founding shareholders could sell their shares after the restriction period, also SAMA and related authorities must be notified of ownership shares that exceed (5%) five percent, and any changes to these percentages.
Distribution of Dividends	Shares offered for subscription shall be payable any dividends announced by the company as of the incorporation of the company and for subsequent fiscal years. (To review the company dividends distribution see the section on "Dividends Distribution Policy").
Risk Factors	There are specific risk factors pertaining to investment in this initial public offering, these risks can be categorised in (a) Risks pertaining to the company activity and work, (b) Risks pertaining to the market and legislative environment, (c) Risks pertaining to ordinary shares, (d) Risks pertaining to economic conditions. These risks have been analysed in the section on "Risk Factors" in this prospectus, which should be reviewed carefully before making the decision to invest in the shares offered for subscription.

Note:

The sections "Important Notice" and "Risk Factors" of this prospectus must be read very carefully before making any decision to invest in the subscription shares under this prospectus.

Important Dates for Subscribers

Expected Timetable for Subscription	Date
Period of Subscription	From 03/07/1434H to 09/07/1434H corresponding to 13/05/2013G to 19/05/2013G)
Deadline for submitting subscription application and pay the subscription value	On 09/07/ 1434H (corresponding to 19/05/2013G)
Notice of Final Allocation and Surplus Return	On 16/07/1434H (corresponding to 26/05/2013G)
Return IPO surplus funds to subscribers (in the even of an IPO surplus)	On 16/07/1434H (corresponding to 26/05/2013G)
Date of beginning share trading	After completion of all related procedures

It should be noted that the above-mentioned dates are approximate, actual dates shall be announced in local newspapers.

How to submit an application for subscription

Subscription is limited to: 1) Natural Saudi persons. 2) A Saudi woman who is divorced or widowed and who has minor children by a non-Saudi husband may subscribe under their names in her interest, provided that she submits proof that she is divorced or widowed and proof of her mothering the minors. Subscription application forms shall be provided during the subscription period at the flotation manager and the branches and websites of the receiving entities. It is also possible to subscribe online, through internet banking or the ATMs of the receiving entities, which offer this service to the subscribers who have previously participated in recently held IPOs, provided that: (1) The subscriber has an account at the receiving entities providing these services, and (2) The information or data of the subscriber had not changed since their subscription to a previous IPO.

With respect to the subscription application, the application forms must be filled according to the information mentioned in the section on "IPO Conditions and Instructions" of this prospectus. Each subscriber must agree to all the paragraphs mentioned in the related IPO application form. The company reserves its right to reject any IPO application filled in part or in full in case of not meeting any of the subscription conditions. It is not permitted to amend or withdraw the subscription application after it has been received by any of the receiving entities. The subscription application shall then be considered a binding agreement between the subscriber and the company (kindly refer to the section on "IPO Conditions and Instructions").

Summary of the Basic Information

This summary is considered a brief of the information listed in this prospectus and therefore, it does not include all the information that might be important to subscribers, and the recipient of this prospectus must read it in full before making the decision to invest in the company shares. Some of the expressions mentioned in this prospectus were defined under the Definitions section.

1. Company Background

Aljazira Takaful Ta'wuni Company (hereinafter referred to in this prospectus as the "Company") is a Saudi joint stock company under incorporation, with its incorporation license approved under Council of Ministers Resolution No. (137) dated 27/4/1431H, and Royal Decree No. (M/23) issued on 28/4/1431H, and after closing the IPO process and holding the Constituent General Assembly, an application shall be submitted to the Minister of Commerce and Industry to approve the incorporation of the company. The company shall be considered as been already incorporated as a Saudi joint stock company as of the date of issuance of the Ministerial Resolution announcing its incorporation, and thus issuing its commercial register, the company shall then apply to the Monetary Agency to get a final license to practice cooperative insurance in the Kingdom of Saudi Arabia. The capital of the company is (350,000,000) three hundred and fifty million Saudi Riyal distributed on (35,000,000) thirty five million shares. Founding shareholders have subscribed into (24,500,000) twenty four million five hundred thousand shares representing (70) % of the company capital. Also (10,500,000) ten million five hundred thousand shares representing (30)% of the company capital shall be offered to the public at the price of (10) ten Riyal per share.

After completing the official procedures pertaining to the incorporation of the company and issuing the commercial register, the company shall apply to the Monetary Agency to issue a final license to practice cooperative insurance activities, and after issuing the license, the company shall submit an application to license the insurance products that it will present, and then the company would be able to begin its work. In parallel, the company shall proceed with evaluating the insurance portfolio of Bank Aljazira in preparation for acquiring it, after getting the approval of the Monetary Agency and the Extraordinary General Assembly of the acquisition value and conditions. It is worth noting that the process of transferring the portfolio and the operations necessary to begin practicing the work are subject to restrictions and official procedures beyond the control of the company, therefore it is not possible to set a schedule for completing it.

2. Company Vision

To be the market leader Shariah compliant insurance operator in the Mid-East region, offering innovative protection and savings solutions for targeted segments.

We are committed to service excellence and creation of maximum value to all stake holders.

3. Company Strategy

Aljazira Takaful Ta'wuni company adopts a strategy that depends on the following elements:

- Develop innovative and diversified insurance products that exceed the aspiration of the targeted segments, serving, that serve the needs of society including individuals as well as public and private sectors establishments.
- Provide a high quality service that fits the company aspirations and meets the requirements of the client.
- High level risk management capabilities through investing in technology and applying best practices.
- Attract, develop and motivate experienced employees.
- Increase the effectiveness of the company operations to guarantee achieving the highest return on the resources used.

4. Competitive Advantages of the Company

After its incorporation, the company shall have the following competitive advantages:

- **Leading name in the field of security and saving**

Although the company is under incorporation, yet it has a eminent name in the local market through its operations under the umbrella of Bank Aljazira over the past ten years, where it was able to win the trust of client and build a strong base at the level of individuals and groups. The current market share of the bank's portfolio has reached 25.7% at the end of 2011 of the gross written premiums subscribed in the protection and saving sector at the Kingdom. It is considered a pioneer in providing protection and saving solution and has won several global awards including: Best Takaful Provider in the Middle East for 2011.

- Best Global Takaful Provider for 2010
- Euromoney Award for Best Provider of Takaful Program for 2006. and 2008.
- Policy Award for best provider of life insurance in the Middle East for the years 2007, 2008 and 2009.
- Cliff award for Best Takaful Provider for 2007.
- Islamic Finance award for Best Takaful Provider 2004.

- **Extensive experience in the local market**

The company has extensive experience in determining the needs of the various client segments with respect to the insurance products and have full knowledge of the market which will contributes to entrench its position in the local market.

- **Strong experience in developing products**

Based on the full knowledge of the society needs, Bank Aljazira Takaful Ta'awuni occupied a leading position in determining and meeting these needs through presenting diversified products that exceed the expectations of the clients, achieving leadership in local and global markets.

- **Wide Distribution Network**

The Company's network of branches are widespread covering the main areas in the Kingdom, and are managed by specialised Saudi employees in marketing protection and saving products.

- **Solid Underwriting Experience**

The company has wide technical experience in the field of underwriting through its strategic partnership with the strongest re-insurance companies over the past years under the umbrella of Bank Aljazira, which supports its competitive position and ability to evaluate underwriting risks in the future.

- **Approved International Testing Centre**

The Takaful Ta'wuni Division at Bank Aljazira have continued to understand the needs of the local market of qualified resources in the insurance field, out of this context, it took on its shoulders the responsibility of developing the Saudi resources in this field, depending on the trust it had acquired at international entities providing training services in the insurance field in the past years, with the Takaful Ta'wuni Department becoming the first accredited centre to offer (LOMA) Examinations in the Kingdom of Saudi Arabia and the only accredited centre at (SOI) to offer actuaries exams in the Kingdom, which will support its competitive strength in the future.

5. Founding Shareholders:

No.	Shareholders	Nationality	No. of Shares	Book Value (Riyal)	Percentage of Ownership (%)
1	Bank Aljazira	Saudi	10,500,000	105,000,000	30%
2	Aljazira Capital Company	Saudi	1,750,000	17,500,000	5%
3	Khalifa Abdul Latif Al-Melhem & Co. for Contracting	Saudi	1,750,000	17,500,000	5%
4	Ittihad Al Ikhwa Development Company	Saudi	1,750,000	17,500,000	5%
5	Al-Qasbi Contracting Limited	Saudi	1,750,000	17,500,000	5%
6	Khaled Al Baltan Group for Commercial Investment Company	Saudi	1,750,000	17,500,000	5%
7	Al-Taj Regional Company for Development	Saudi	1,750,000	17,500,000	5%
8	Al-Fawasel Regional Investment Company	Saudi	1,750,000	17,500,000	5%
9	Sukuk Regional Investment Company	Saudi	1,750,000	17,500,000	5%
Total Shares of Founding Shareholders			24,500,000	245,000,000	70%
Public Shares			10,500,000	105,000,000	30%
Grand Total			35,000,000	350,000,000	100%

6. Overview on Insurance Markets

• Global Insurance Markets

The total global insurance premiums (properties, damages, protection, saving and health) have reached almost US\$4.59 trillion (17.21 trillion Saudi Riyal) in 2011G compared to US\$4.3 trillion (16.12 trillion Saudi Riyal) in 2010G according to Swiss Re figures. The share of the United States of America of insurance premiums had reached around US\$1.20 trillion (4.5 Saudi Riyal) in 2011G, with an increase of 0.5% from 2010G., in which the premiums reached US\$1.16 trillion (4.35 trillion Saudi Riyal).

With respect to the Middle East and North Africa, the total insurance instalments (excluding security and saving) for 2011G. can be summarized in the following table:

Country	Insurance premiums (million Saudi Riyal)	Percentage of Global Market
Turkey	31,762	0.43%
Iran	28,312	0.38%
United Arab Emirates	20,287	0.28%
Kingdom of Saudi Arabia	17,559	0.24%
Morocco	7,458	0.10%
Algeria	4,121	0.06%
Egypt	3,648	0.05%
Qatar	3,405	0.05%
Tunisia	2,602	0.04%
Kuwait	2,351	0.03%
Oman	2,313	0.03%
Jordan	2,118	0.03%
Bahrain	1,616	0.02%

Source: Swiss Re

• About the Insurance Market in the Kingdom of Saudi Arabia

The insurance market in the Kingdom had witnessed noticeable growth that reached 12%, with the total insurance premiums reaching 16.4 billion Saudi Riyal in 2010G compared to 14.6 billion Saudi Riyal in 2009G. Where the percentage of growth in the field of health field insurance reached 19%, and the percentage of growth in motor insurance reached 6% in 2010G.¹ The percentage of growth in the size of the insurance market reached levels exceeding 20 and 30% annually. The following table shown the growth of the market since year 2006G:

	2006	2007	Change	2008	Change	2009	Change	2010	Change
Total protection and saving insurance premiums (million Riyal)	218	327	50%	594	82%	1.003	69%	972	-3%
Health Insurance (million Riyal)	2.222	3.065	38%	4.805	57%	7.292	52%	8.690	19%
General Insurance (million Riyal)	4.497	5.191	15%	5.520	6%	6.315	14%	6.725	6%
Total Value of Insurance Premiums (million Riyal)	6.937	8.583	24%	10.919	27%	14.610	34%	16.387	12%
Percentage of total general insurance to the gross domestic product	0.34%	0.37%	8.82%	0.31%	-16.22%	0.46%	48.39%	0.41%	10.87%
Percentage of total health insurance to the gross domestic product	0.17%	0.22%	29.41%	0.27%	22.73%	0.53%	96.30%	0.53%	0.00%
Percentage of protection and saving insurance premiums to domestic product	0.02%	0.02%	0.00%	0.03%	50.00%	0.07%	133%	0.06%	-14.29%

Source: SAMA

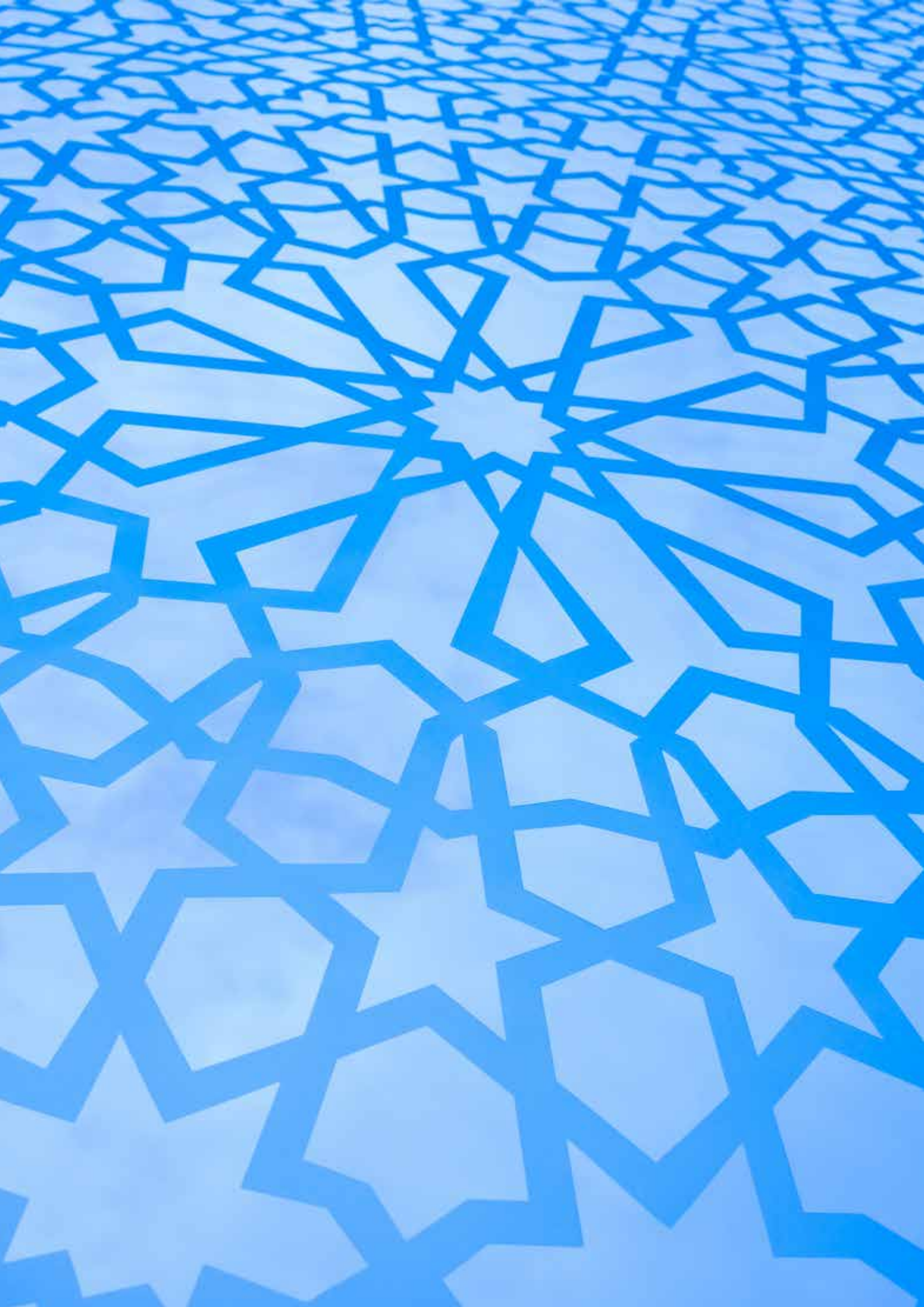
¹ Saudi Monetary Agency - Saudi Insurance Market Report, 2010G.

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1 Terms and Definitions

The following expressions and definitions apply to all texts of this prospectus unless otherwise required by the context

A

- **Acquisition:** Acquisition by the company of the insurance portfolio and assets related thereto from Bank Aljazira as shown in the "Acquisition" and the "Legal Information" sections of this prospectus under conditions acceptable to the company and Bank Aljazira after acquiring the regulatory and other necessary approvals.
- **Actuary:** Person who conduct various statistical and probability theories whereby services are priced; liabilities are assessed and provisions calculated.
- **Aljazira Takaful Ta'wuni Company:** Aljazira Takaful Ta'wuni Company is a Saudi joint stock company under incorporation, with its incorporation license approved under the Council of Ministers Resolution No. 137 dated 27/4/1431H and Royal Decree No. (M/23) dated 28/4/1431H.
- **Auditing Committee:** The audit committee proposed for the company as is explained in the section on "Organisational Structure".
- **Advisors:** The parties that provide services related to offering the company shares for public offering whose names are mentioned on page (G).

B

- **Business Transfer Agreement:** The Transfer of Business Agreement to be concluded between Bank Aljazira and the company, as explained in Section 3-15 "Legal Information".
- **Board Members:** The members of the company Board of Directors from one time to time, including the board members nominated for the company.
- **The Ban Period:** Period of three years (each of which is not less than 12 months) beginning from the date of incorporating the company during which the founding shareholders may not dispose any of their shares.
- **Board or Board of Directors:** The board of directors of the company as appointed from time to time including the first proposed members as shown on page (h).
- **Beneficiary:** The natural person or legal entity to whom a specific benefit in the insurance policy is disposed in case of damage or loss.
- **Bylaws:** The proposed bylaws of the company in its amended formula from time to time.

C

- **Commercial Register:** The commercial register of the company.
- **the Company:** Aljazira Takaful Ta'wuni Company - Saudi joint stock company under incorporation.
- **Corporate Governance Regulations:** The corporate governance regulations in the Kingdom of Saudi Arabia issued by the Board of the Capital Market Authority according to Resolution No. 1/212/2006 dated 21/10/1427H corresponding to 12/11/2006G in its amended version issued by the Board of the Capital Market Authority under resolution No. 1/20/2008 dated 14/5/1429H corresponding to 19/5/2008G based on the Capital Market Law issued under Royal Decree No. M/30 dated 2/6/1424H corresponding to 1/8/2003G.
- **Cooperation Council:** Gulf Countries Cooperation Council.
- **Capital Market Law:** The Capital Market Law issued by Royal Decree No. M/30 dated 2/6/1424H corresponding to 31/7/2003G.
- **Companies Law:** Companies Law issued by Royal Decree No. M/6 dated 22/3/1385H and amendments thereof.
- **Capital Market Authority or Authority or CMA:** Capital Market Authority in the Kingdom of Saudi Arabia.

E	<ul style="list-style-type: none"> • Executive Committee: The executive committee proposed for the company as is explained in the section on “Organisational Structure”.
F	<ul style="list-style-type: none"> • Fiscal Year: The year ending on 31 December of each Gregorian year. • Flotation Manager: Aljazira Capital Company appointed by the company in the capacity of Flotation Manager for the offering process. • Founding Shareholders: Founding shareholders of the company whose names are mentioned on page (F). • Financial Advisor: BMG Financial Group appointed by the company to act as financial advisor in relation to the IPO. • Founders: Founding shareholders of the company whose names are mentioned on page (F).
G	<ul style="list-style-type: none"> • Gross Written Premiums: The total premiums received by the insurance company for the insurance contracts concluded or contracted by the company during a specific period without deducting any premiums transferred to other insurance companies. • General Assembly: The general assembly of the company shareholders. • Government: The Government of the Kingdom of Saudi Arabia.
I	<ul style="list-style-type: none"> • Insurance Underwriting: The process of evaluating and accepting insurance risks. • Insurance: Mechanism of contractually shifting burdens of pure risks by pooling them. • IPO Price: 10 Saudi Riyal per share. • Insurance Company: The insurance company that provides protection against damages through an insurance contract. • Implementing Regulations: The implementing regulations of the Cooperative Insurance Companies Control Law issued by Royal Decree No. (M/32) on 2/6/1424H (corresponding to 31/7/2003G). • Investment Committee: The investment committee proposed for the company as explained in the section on “Organisational Structure”. • IPO Proceeds: The total sum received by the company in exchange for subscribing into the offered shares. • Insurance Portfolio or Portfolio: The portfolio comprised of valid insurance documents issued in the Kingdom of Saudi Arabia, including the related assets and liabilities. • Insurance Supervisor: A government agency or public institution responsible for the supervision and control of the insurance sector. • Insurance Law: The Law on supervision of Cooperative Insurance Companies Control Law issued by Royal Decree No. (M/32) on 2/6/1424H corresponding to 31/7/2003G. • Insurer: The insurance company that accepts insurance directly from the insured. • Insured: The natural person or legal entity who concluded an insurance policy with the insurer. • Insurance Contract: A contract under-which the insurer pledges to compensate the insured in case the incident covered by the contract occurs, in exchange for the subscription (premium) paid to it by the insured.

K	<ul style="list-style-type: none"> • The Kingdom: Kingdom of Saudi Arabia
L	<ul style="list-style-type: none"> • Life Insurance: Insurance operations corresponding to the Protection Insurance, Protection and saving Insurance at global markets. • Listing Rules: The listing rules issued by the Capital Market Authority in accordance with Resolution No. 3-11-2004 dated 20/8/1425H corresponding to 4/10/2004G, as amended, and in accordance with Article 6 of the Capital Market Law issued according to Royal Decree No. (M/30) dated 2/6/1424H (corresponding to 31/7/2003G).
M	<ul style="list-style-type: none"> • Management: Aljazira Takaful Ta'wuni Company Management • Memorandum of Association: The memorandum of association of the company. • Managing Director: The managing director appointed among the members of the board of directors of the company from time to time, which is a post that includes the CEO of the company. • Ministerial Resolution: The Resolution issued by the Minister of Commerce and Industry announcing the incorporation of the company. • Monetary Agency (or the Agency or SAMA): Saudi Arabian Monetary Agency.
N	<ul style="list-style-type: none"> • Net IPO proceed: Net proceed after deducting the IPO expenses. • Nominal Value: 10 Saudi Riyal per share. • Nominations and Remunerations Committee: The nominations and remunerations committee proposed for the company as explained in the section on "Organisational Structure".
O	<ul style="list-style-type: none"> • Official Gazette: Umm Al-Qura Newspaper, the official newspaper of the Kingdom of Saudi Arabia. • Offering: Initial offering of (10,500,000) ten million five hundred thousand ordinary shares for public subscription at a nominal value of 10 Riyal per share representing (30%) of the company shares.
P	<ul style="list-style-type: none"> • Protection Insurance: Insurance operations related to the effects of death and total or partial permanent or temporary disability to an individual and/or groups. • Protection and saving Insurance: The insurance operations by which the insurer pays a sum or sums, including the savings proceeds at a future date in exchange for the premiums paid to it by the insured. • Policyholders: A natural person or legal entity that owns an insurance policy issued by the company or will be transferred to it under the portfolio transfer agreement. • Person: Natural person. • Period of Subscription: The period extending from 03/07/1434H to 09/07/1434H (corresponding to 13/05/ 2013G to 19/05/2013G) • Prospective Balance Sheet: Prospective balance sheet upon starting the company activities, including pre-operation expenses and the capital deposited by the founding shareholders and the general subscribers through public offering. • Prospectus: This document prepared by the company in relation to the IPO
Q	<ul style="list-style-type: none"> • Official List: List of the securities prepared by the Capital Market Authority according to the registration and listing rules.

R	<ul style="list-style-type: none"> • Relatives: Spouses and minor children. • Re-Insurance: Transfer of the insured's risk from the insurer to the reinsurer and to indemnify the insurer by the reinsurer for any payments made to the insured against damages or loss. • Receiving Entities: The entities that receive subscription applications (kindly refer to the section on "Bank and Entities Participating in the IPO"). • Risk: Situation involving the chance of loss or no loss, but no chance of gain. • Risk Management Regulation: It is the risk management regulation issued by the Monetary Agency on 18/12/1429H corresponding to 16/12/2008G. • Re-Insurer: The insurance and/or re-insurance company that accepts re-insurance from another insurer.
S	<ul style="list-style-type: none"> • Statutory Reserve: Percentage of profit that a company must set aside as provided under Article (15) of the Law. • Subscription: Subscription in the first offering of 10,500,000 ordinary shares representing (30%) thirty percent of the company capital. • Shares: Ordinary shares of the company at a nominal value of 10 Riyals per share • Subscription Shares: 10,500,000 ordinary shares of the company shares. • Shares of Founding Shareholders: 70% of the total shares of the company capital, equal to (24,500,000) ordinary shares of the company shares. • Share: Aljazira Takaful Ta'wuni Company share. • Saudisation: The policy pursued by the government of the Kingdom of Saudi Arabia for the purpose of encouraging the employment of Saudi nationals in the private sector. • Stock Exchange: Saudi Stock Exchange. • Shareholder or Shareholders: Company shareholders for any specific period of time. • Subscriber: Every person who subscribes to the subscription shares. • Subscription Application Form: The subscription application form the subscribers should fill-in and submit to the receiving entity when they are willing to subscribe. • Solvency Margin: Minimum standard of financial health for an insurance or reinsurance company, where assets exceed liabilities. • Sharia Board: The Sharia Board of the company as appointed from time to time to supervise the company activities and affirm it is in accordance with the principles of Islamic Shari'aa, in coordination with the company management, submitting a report on its work to the board of directors.
T	<ul style="list-style-type: none"> • Tadawul: An automatic system to sell and buy Saudi shares. • Technical Provisions (Reserves): Insurance liabilities, i.e. the value set aside to cover expected losses arising on a book of insurance policies and its financial obligations.
U	<ul style="list-style-type: none"> • Underwriting Agreement: The agreement that was concluded between Aljazira Takaful Ta'wuni Company represented by the founding shareholders on one hand and the underwriter on the other, according to which the founding shareholders agreed to offer the number of shares mentioned in this prospectus, equal to (10,500,000) ten million five hundred thousand shares and the underwriting provider agreed to act on behalf of the company and purchase all the offered shares that were not bought at the closing of the IPO at the offered price (If any). • Underwriter: Al Bilad Investment Company appointed by the company as the sole underwriter.
W	<ul style="list-style-type: none"> • Written Premiums: Total sums paid to insurance companies for the said companies to cover specific risks according to the conditions of the insurance policies signed with their clients.

2 Risk Factors

In addition to the other information mentioned in this prospectus, every potential investor must carefully study the risk factors specified below before making any decisions to invest in the subscription shares. Taking into account that the risks shown below do not include all the risks the company may face, instead, it is possible for additional risks unknown to the company to be currently present, or those that the company management considers as currently insignificant and might hinder its operations also if they materialise. The activity of the company, its future horizons, financial position, operations outcomes and cash flows may be fundamentally negatively affected as a result or because of the occurrence of any of these risks. One or more of these risk factor or others may lead to a drop in the price of the company share on the market, which may the subscribers to lose their investments in full or in part.

2-1 Risks related to the market and the legislative environment

2-1-1 Risks of non-issuance or withdrawal of the Monetary Agency license

company's incorporation was approved under Council of Ministers Resolution No. 137 dated 27/4/1431H, and Royal Decree No. (M/23) dated 28/4/1431H. On the basis of existing specific conditions or those the company will meet in the future. In case the company is unable to meet those conditions, the Monetary Agency has the right to withdraw the license. Taking into account that these conditions apply to all insurance companies.

Also according to the Implementing Regulations of the Cooperative Insurance Companies Control Law, insurance companies (including the company) must provide several obligations to the Saudi Arabian Monetary Agency. Article 76 of the Implementing Regulations of the Cooperative Insurance Companies Control Law stipulates that:

The Agency shall request the license withdrawal of the Company or the Insurance and Reinsurance Services Provider if there was no business activities for a period of six months from the issuance date of the license, none compliance with the Law and this Implementing Regulations, providing the Agency with false information in its licensing application, bankruptcy of the agency, practicing the activity in an inappropriate way, the capital decreased under the minimum limit determined, the company prevented the delegated inspection team from performing his job in checking its records, or the Company abstained from implementing a final sentence issued against it in any insurance disputes. In case the license was withdrawn from the company, this would prevent it from continuance in its regular work, and therefore, it will sustain operational losses that will reflect negatively on the shareholders.

2-1-2 General Risks

The company operations are organised and supervised by the Saudi Arabian Monetary Agency and must be subject to the provisions of the Cooperative Insurance Companies Control Law and its Implementing Regulations, as well as the Companies law, in addition to the regulations set by the Monetary Agency. These provisions, regulations and law can change from time to time. Accordingly, the company cannot provide any affirmations that the regulatory changes will not have a fundamental negative effect on its work, financial position and operations outcomes.

2-1-3 Change in the Law and Regulations

The company is subject to the laws and regulations that govern insurance companies in the Kingdom and the continuous supervision by the Saudi Arabian Monetary Agency. The insurance regulations are concerned with the permitted sectors of insurance, capital levels, requested solvency, permitted re-insurance, types and sizes of investments, limitations and restrictions on insurance underwriting, applied practices, types of policies, methods of handling claims, sufficiency of reserves, and other financial and non-financial aspects in the activity of the insurance company. If the company did not abide by the laws and regulations and the current and/or future requirements of the Monetary Agency, it may fall under regular sanctions including fines, suspension of work, and withdrawal of insurance activity license, which might negatively affect the commercial operations of the company, its financial position, cash flows, outcomes of operations and/or future horizons. Also failure by any of the re-insurance providers, insurance brokers, agents, losses adjusters, or other technical specialists in the insurance field who are concerned with the company activity in abiding by the laws and regulations could negatively affect the company activity. The development of the regulatory and legal environment could limit the ability of the company as well to respond to the opportunities available on the market, which could force it to pay high annual costs in order to abide by the laws and regulations. It is also possible for the change in the organisational framework or imposing new policies to have a significant negative effect on the company work, its financial position, cash flows, operations outcomes and/or future horizons.

2-1-4 Risks of lack of re-insurers and dependence on them

Insurance companies depend in their work on the re-insurance agreements they conclude with global and regional companies in order to reduce the risks resulting from the insurance coverage. In return, the insurance companies pay special fees for re-insurance. The re-insurance market fluctuations may cause an increase in these fees which could lead to a negative effect on the profitability of the company. On the other hand, failure by re-insurers to settle their shares of future claims cannot be guaranteed. Hence, that will affect the financial position of the company and its relationship with its clients, and subsequently, its future profitability.

The availability, amount and cost of re-insurance is subject to the conditions prevalent in the market, which are usually out of the company's control. Article Forty of the Implementing Regulations of the Law on Supervision of Cooperative Insurance Companies Control Law requires that insurance companies keep at least 30% of the total insurance premium and re-insure 30% in the Kingdom. In case the company was unable to maintain or substitute the re-insurance arrangements, the percentage of risks it's exposed to will increase or the company will be forced to reduce its insurance obligations. In addition, the company is exposed to credit risks related to re-insurers, as the risks for re-insurers do not exempt it from its obligations to its insured clients.

Although the company enters into re-insurance agreements, the reluctance or inability of any of the re-insurers to commit to the conditions of the re-insurance agreements could cause fundamental negative effects on the company business and/or financial position.

2-1-5 Liquidity Requirements Risks

According to Articles 66, 67 and 68 of the Implementing Regulations of the Cooperative Insurance Companies Control Law, the company must maintain minimum solvency to meet the claims resulting from insurance operations. However, this limit is mainly affected by the reserves that must be kept, which are in turn affected by the size of the insurance policies sold as well as the laws pertaining to setting the statutory reserve. This is also affected by several other elements including the profit margin, return on investment, insurance and re-insurance costs. If the company continued its growth rapidly, or if the required solvency margin was increased in the future, the company may have to increase the capital to meet the required solvency margin, which may lead to inflating the capital. If the company was unable to increase its capital, it could be forced to limit the growth of its activities, and therefore not declare any profits. Otherwise, this may result in enforcement actions against the company that could reach withdrawing its license in some exceptional cases.

2-1-6 Risks related to restrictions of the ownership of insurance companies

Authority to which the founding shareholders are subject, as it is banned to sell their shares for three full fiscal years from the date of company incorporation, and the consent of the company having to be sought before selling any of these shares after the ban period, the Law on Supervision of Cooperative Insurance Companies Control Law and its Implementing Regulations impose some restrictions on the ownership of shares in insurance companies. According to Article Nine of the Law on Supervision of Cooperative Insurance Companies Control Law and Article Thirty nine of its Implementing Regulations, the insurance company may not open branches locally or abroad, agree to merger with, own, control any banking or insurance activity, or own shares in other insurance or re-insurance companies without the written consent of the Monetary Agency. Article Thirty Eight of the Implementing Regulations of the Law on Supervision of Cooperative Insurance Companies Control Law also stipulated the need to inform the Monetary Agency of the percentage of ownership of any individual owning 5% or more of the company shares regularly, and notify the Agency in writing of any change to the ownership ratios. Also the Monetary Agency had published a list setting the minimum and maximum levels of the ownership by insurance companies, banks, as well as legal and natural persons in cooperative insurance companies. According to these requirements, the insurance companies must acquire prior written consent from the Saudi Arabian Monetary Agency before acquiring, merging or transferring ownership with any registered insurance company or any fundamental change in its ownership structure. This could limit (in some cases) the ability of the company to agree with a financial or strategic investor in case the Saudi Arabian Monetary Agency rejects that, delayed its approval or subjected it to strict conditions, which could negatively affect the business of the company.

2-1-7 Competition Risks

The Kingdom of Saudi Arabia joined the World Trade Organisation effectively at the end of 2005G. Accordingly, the Kingdom must abide by the Organisation's decisions and regulations. One of these regulations is to liberate the financial sector and open the investment door for global companies, and after the Council of Ministers issued several decisions licensing the incorporation of 35 insurance companies (including the company) and public joint stock companies, the company expects to find itself working in an increasingly competitive environment, which could negatively affect the margins of profit and maintaining an appropriate market share. It is possible to grant new licenses in the near future, which will increase competition more in the Saudi insurance market, and there will be a large number of small and medium companies that already exists in the market of the Kingdom of Saudi Arabia applying the principles of cooperative or commercial insurance.

Competition in the insurance industry is based on several factors, including calculated premiums, coverage conditions and provisions, provided service, financial categorisation approved by independent categorisation agencies, claims service, reputation and the existing image about the financial ability and experience of the insurance company. For the purpose of winning a bigger share of the market, some new entrants to the market adopt implementing pricing policies that are considered riskier than those of the company, or provide alternative formulas to protect risks in addition to the traditional insurance services. It cannot be affirmed that the company will be able to achieve or maintain any specific level of premiums in this competitive environment. The increasing pressure of competition can negatively and fundamentally affect the business, outlooks and financial status of the company.

2-1-8 Market Growth Risks

The economic boom witnessed in the Kingdom of Saudi Arabia may not continue in general, including in the insurance sectors, with the same strength in the future. The growth of the market now is supported by high oil revenues and the giant project under study in the Kingdom of Saudi Arabia, and despite all attempts at diversification, the Saudi economy is still dependent to a large part on oil. As an obvious outcome, the income of the Kingdom remains affected by the fluctuating oil prices, and the financial plans remain subject to elements and powers on the global market out of the control of the government. Economic problems could hinder the continued growth in the numbers and sizes of major industrial and residential projects and infrastructure projects, and therefore could affect the growth opportunities of insurance companies business.

2-1-9 Underwriting Risks

One of the underwriting basis in insurance is the process of risks assessment and the estimation of the total contribution. Insurance companies may differ in determining these sums based on its experience in estimating the actual claims it faces for the purpose of maintaining the solvency of the portfolio. Whereas insurance applications are of a different nature, which involves higher possibilities for risks, which negatively affects the financial status of the insurance portfolio. This in turn may involve risks for the insurance company and accordingly affects its profitability and financial position.

2-1-10 Social Risks

The insurance process is basic, necessary and plays an important role in the lives of people and societies. But there are risks regarding the society's view of the insurance sector in general, as the society finds that the sector does not play a major role or operates within a scope of services that do not comply with Islamic Sharia. The society could lose its trust in the sector, which could negatively affect the work of the company and its revenues.

2-1-11 Consumer Trust

The consumer's trust is one of the most important basics considered when analyzing any industry as any industry is only founded to meet the needs of consumer. The importance of the consumer's trust had increased lately as a result of the global economic crisis, which showed that losing trust by the consumer has severe negative impact on the companies, especially during economic crises.

Meaning that any drop in the consumer's trust in the insurance industry in general or the trust in the company in particular could lead to increasing the cancellations of insurance policies, and results in the company's inability to maintain or increase its client base, which will affect the profitability of the company and its financial status.

2-1-12 Risks of absence of historical data on the market

Although the Saudi market is not new to the concept of insurance, yet it had only been recently regulated. Therefore, sufficient information and the historical data required to build insurance and actuarial tables accurately have not been collected. As a result, insurance companies depend, in determining losses and premiums, on estimates that may not rise to the required level of accuracy, and therefore, the level of risk for insurance portfolios could increase, leading to losses to operating companies.

2-1-13 Risks of difficulty finding qualified local cadres in the insurance sector

The Saudi labour market suffers from shortage of highly qualified local cadres in the insurance sector, that meets the needs of insurance companies, which will greatly increase demand on these qualified cadres. This increase in demand could lead to a type of competition between the existing and new companies to attract these cadres. This in turn will increase the cost of hiring, qualifying and maintaining employees, which could lead to raise in operational costs and thus could affect the profitability of the companies working in the insurance sector.

2-1-14 Saudisation Requirements Risks

Based on the Law on Supervision of Cooperative Insurance Companies Control Law and its Implementing Regulations, insurance companies should maintain the Saudisation above 30%, although the Saudisation percentage at the company at the start of its activity is expected to reach 84%, there are no guarantees that the Saudisation will not be raised to higher levels, and in case these companies do not abide by the regulatory requirements in that respect, there could be penalties imposed on them that may reach the extent of suspending the issuance of working visas for the company. The company work and expansion plans could be affected as a result of its inability to secure the necessary labour for the company, whether from the local market or through recruitment from abroad.

2-1-15 Risks of unexpected disasters (Force Majeure)

The company may suffer losses as a result of unexpected disasters, as it provides protection services in case of death including coverage or total or partial disability. Disasters may result from various reasons, whether natural or not, in a way that their occurrence and intensity of course may be something that cannot be forecasted, such as hailstorms, floods, winds, fires, explosions, and industrial accidents. It is possible for the claims pertaining to disasters to cause major fluctuations in the financial outcomes of the company, and to have a fundamental negative effect on the financial status of the company and the outcomes of its operations.

2-2 Risks related to company activity

2-2-1 Transferring the insurance portfolio

After completing its incorporation, the company intends to acquire ("Acquisition") the insurance portfolio of Bank Aljazira ("Portfolio"). The evaluation of which will be subject to the criteria of the Saudi Arabian Monetary Agency.

The completion of the acquisition will require, among other things, the approval of the Saudi Arabian Monetary Agency in accordance with the Insurance Law (Kindly refer to the section on "Acquisition"). While the company seeks to acquire the related approvals as soon as possible, there is no guarantee as to when the acquisition can be complete. In particular, since the final assessment of the portfolio has not been approved yet by the Saudi Arabian Monetary Agency, there is no guarantee that the company will have sufficient capital to complete the acquisition and remain within the limits of financial solvency and capital requirements necessitated by the Insurance Law. If that was not the case, the company might need to increase its capital, which could have a negative effect on the price and liquidity of its shares in the market.

2-2-2 Absence of existent business for the company

Aljazira Takaful has not been fully incorporated yet. It does not have any business or products, and therefore, it does not make any profits now. Also, the start of its work was through offering insurance products and programs is subject to acquiring a license from the Monetary Agency to carry out cooperative insurance activities and to offer every product it propagates. In case such license is delayed, the company will not be able to conduct any business, and accordingly, will not be able to make any profit.

2-2-3 Agreements

Within the context of ordinary work, the company had entered into agreements and contracts with related parties and with third parties to enable it to manage its current businesses. The continuity of some of these agreements in the post-incorporation phase requires the approvals of supervisory authorities and the extraordinary general assembly. Also the continuity of these agreements depend on the readiness and ability of these parties to meet their obligations, which might negatively affect the work of the company, its financial status and the outcomes of its operations in case such approvals were not acquired or if these parties were unable to meet their obligations.

2-2-4 Future Data Risks

Some of the data mentioned in this prospectus form future data, but they are no guarantee of what the future performance will be. These future data include known and unknown risks as well as other elements that might affect the actual outcomes and thus the company performance and achievements. There are several elements that might affect the actual performance, achievements or outcomes realised by the company and lead to their great variance from what was explicitly or implicitly expected in the mentioned data. Whereas if one or more of these risks or any of the uncertain matters were realized, or if the accuracy or authenticity of any of these assumptions was proved invalid, the actual outcomes may differ fundamentally from those mentioned in this prospectus.

2-2-5 Investment risks

The operational results of the company depends partially on the performance of its invested assets, which are comprised of the document holders portfolio and the shareholders portfolio. The investment results are subject to various investment risks, including the risks pertaining to the overall economic situation, market fluctuations, investment returns fluctuations, liquidity risks, credit risks and non-payment of contributions. If the company did not succeed in balancing its investment portfolio with its responsibilities, it might be forced to liquidate its investments at times and prices less than ideal. The matter that can fundamentally have a negative effect on its financial position and operations outcomes. The investment portfolio is also subject to regulatory restrictions and the lack of certain financial products which could reduce the scope of diversity in the various categories of assets and lead in turn to reducing returns on investment. The management of these investment require an effective administrative system and a high capability to select the quality and variety of these investments. The inability of the company to diversify these investments may lower its returns and equity.

2-2-6 Risks of Litigation and Lawsuits

As part of the ordinary work of Takaful Ta'wuni Division of Bank Aljazira, which is part of the portfolio, lawsuits pertaining to the provisions of insurance coverage and others to employees have been submitted. Although none of these lawsuits had any fundamental negative outcome, yet the bank had pledged its liability to any legal or financial requirement that may result from these lawsuits till the date of completing acquisition (kindly refer to the section on "Litigation").

In addition, and within the context of ordinary business, lawsuits pertaining to the insurance operations of the company as well as to the provisions of coverage or insurance claims might be submitted. These lawsuits could fundamentally affect the reputation of the company and its financial status. The company cannot predict the outcome of any procedure or investigation in any litigation should it happen. Also it will not guarantee that this procedure, investigation, review, litigation or change in the policies and operational practices will not negatively and fundamentally affect the outcomes of the company and its financial status.

2-2-7 Reserves adequacy risks

The company shall calculate and maintain technical reserves according to the provisions of the Implementing Regulations of the Cooperative Insurance Companies Control Law issued by the Saudi Arabian Monetary Agency, in order to meet its expected future obligations. Whereas the process of estimating the reserves and provisions are subject to future forecasts based on various variables and projections, and are calculated in the absence of sufficient historical data on the insurance industry in the Kingdom of Saudi Arabia, this might result in in-adequacy of the reserves and provisions calculated, and thus the company will need to increase its reserves and provisions, which could have a negative effect on its business, financial status and outcome of its operations.

2-2-8 Information Technology Risks

The work of the company and its future aspirations heavily depend on the capability of the information technology system to process a large number of transactions within a specific time and without interruption, especially at the time when processing transactions becomes increasingly complex with the significant increase in the numbers of these transactions.

The appropriate operating of accounting systems, financial controls, customer service, clients database and other processing systems, including those related to insurance underwriting and claims processing, in addition to the telecommunications systems between the regional offices and the information technology centre at the main headquarters, which is a significant matter for the company operations and its ability to compete successfully. Guarantees cannot be given that the company activities and works will not suffer interruption or be affected fundamentally in case of a full or partial failure in any of the main information technology or telecommunications systems.

2-2-9 Risks of non-approval from the Sharia Board

All company products are reviewed and approved by the Sharia Board. Also all new products are subject to review and approval by the Sharia Board before the company gets them approved by the Saudi Arabian Monetary Agency and before introducing them on the market. In case of a difference in opinion or raising any issue about the compliance of the products with Sharia principles, the company reputation may be negatively affected, which might in turn affect its performance and the outcomes of its business.

2-2-10 Capital Adequacy Risks

The company might need to inject large sums of money to finance its investments, expansions and operational processes. For that purpose it might need to seek funding sources whether through banks or through the issuance of new shares. There are no guarantees that the conditions of the financial markets are suitable at the time, which might increase the funding expenses or could delay acquiring it, which might affect the company operations negatively.

2-2-11 Risk exposure

The company has policies for risk management and internal procedures and restrictions based on international best practices. These policies and internal procedures and restrictions might not be sufficient to reduce exposure to risks in all conditions. As a result, the financial position of the company and its operations may be negatively affected fundamentally as a result of the successive increase in exposure to risks.

Usage of various tools to manage investment risks is one of the familiar practices of insurance companies. The company must acquire the approval of the Saudi Arabian Monetary Agency under the Implementing Regulations of Cooperative Insurance Companies Control Law before using these tools, such as financial derivatives and any similar tools in the future. In case it uses any of them without the consent of the Monetary Agency, the company shall be subject to the various penalties mentioned in the Law, including withdrawal of license.

2-2-12 Risks of report submission requirements

The requirements of the Cooperative Insurance Companies Control Law and its Implementing Regulations as well as the registration and listing rules, is for the company to submit periodic financial reports to the regulatory authorities and publish them to the public. Administrative and technical difficulties might occur, which could cause the delay in submitting these reports, and this might make it subject, in exceptional cases, to some fines whether by the Saudi Arabian Monetary Agency or the Capital Market Authority.

2-2-13 Risks of depending on main employees

The main employees play an important role in the success of the company business, and its future success and aspirations will greatly depend on its ability to employ and maintain excellent employees.

Although the company is capable of finding and maintaining qualified and excellent employees, and able to find substitutes for the main employees who leave the company, no guarantees could be given to do so when the need arises. The company might be affected negatively if it lost the services of one or more of the main members in the short to medium-term, which could lead to obstructing the company business and negatively affect its work opportunities, financial status and operations outcomes.

2-2-14 Risks of employees misconduct

Despite the presence of internal regulations and procedures to address employees misconduct, yet the company cannot guarantee that it will always be able to prevent these cases. Accordingly, the misconduct of the employee might result in a violation of the Law by the company, official penalties, financial liability and/or serious damages that affect the reputation of the company. The company cannot guarantee that the misconduct by the employees will not lead to fundamentally harming its financial status or the outcomes of its operations.

2-2-15 Risks of renewal of insurance policies

The insurance policies of the company in general are fixed term policies in nature. In case of the non-renewal of the insurance policies for the company, the gross written premiums and the future outcomes of the company operations could be affected negatively and fundamentally.

2-2-16 Risks failure to expand and develop

The strategy of the company includes expansion plans to expand the geographic spread and variety of services. However, there are no guarantees for the full realization of these strategies, and this could affect the estimation of the future businesses of the company.

2-2-17 Risks of trademark protection

The competitive position of the company depends in part on its ability to use its name and logo on the means through which its services are marketed and sold. The company's inability to prevent the violation of its rights in the countries with jurisdiction where the company practices its businesses could negatively affect its trademark, and could make it more costly to practice its business and thus affect the operational outcomes of the company. The work of the company would be affected more, if it had to compete with similar trademarks in the main markets where it operates and where it has no property rights.

2-2-18 Recency of the company and the absence of prior financial and operational history

Aljazira Takaful Taawuni is still under incorporation, and with the exception of the transfer of the insurance portfolio proposed under the regulatory requirements and meeting certain conditions, the company does not have any previous financial or operational history, and had never done any insurance activity or achieved/achieve any revenues prior to this offer. It does not have any audited financial statements for any prior period. The financial statements of the company shall not be audited and made available to the public and are audited independently before the end of a fiscal year after the offer. This matter makes it difficult to determine the direction of the commercial activity of the company and its development on the long-term. As a result of the absence of such historic audited financial data for the company, the information available to prospective investors will be of limited feasibility in assisting investors in evaluating the company and its chances of success.

2-2-19 Initial public offering (IPO) prior to final incorporation

Aljazira Takaful Taawuni is not completely incorporated yet, and will not be incorporated till after the initial offering of the company shares, holding the constituent general assembly and acquiring a ministerial resolution in accordance with the Companies Law. It is possible not to meet one or more of the requirements necessary to complete the incorporation of the company completely, which means that the company might not be established and will need to refund the subscription money to investors.

2-2-20 Requirements for listing shares

Aljazira Takaful Taawuni haven't listed its shares in the Saudi Stock Market yet, and it shall not be listed until the Company is fully incorporated with adherence to the obligatory articles in the Companies Governance Regulation. In case the Company delayed or didn't abide by any of such obligatory articles, this may lead to non listing its shares or delaying the process.

2-2-21 Experience in managing a public company

The management of a public joint stock company requires special experience in this field. The acceptance of the shares on the official list and the offer for trading result in the company, its board members and the executive management being exposed to certain obligations regarding the preparation of various reports and disclosure, they are also exposed to imposing restrictions of them under the laws and regulations issued by the organisational and supervisory entities. In addition to these requirements, these organisational and supervisory entities may impose additional exposure and report preparation requirements at their discretion, and may also request additional obligations under governance regulations. The company must abide by these requirements and guarantee the fair disclosure of information to the authority, shareholders and public. The board members of the company are certain that it is in the interest of the company to start an active and open dialogue with the shareholders, capital market experts, media and the public in general regarding the historical performance of the company and its future plans. The board members of the company are also certain that the value of the share will be supported by disclosing the company strategies and its points of strength and the opportunities of growth to the public through active and open dialogue. At the same time, the company will observe the need for confidentiality with respect to the main work strategy and the operational plans of its processes. For the purpose of implementing the aforementioned principles, the company plans to implement internal procedures and arrangements related to work as a public joint stock company. This process could add major additional burdens on the management of the company, its employees and other resources, which affects the work of the company and its financial performance.

2-2-22 Dealings with related parties

The company intends, after the completion of its incorporation, to enter into dealings with competent parties, where the company will sign with Bank Aljazira, its major shareholder, a business transfer agreement and an agreement of transition services after acquiring the consent of competent authorities (Kindly refer to section 14-3-15 Competent Related Parties Contracts).

Although the management conclusively believes that dealings with related parties should be done in a way that guarantees the interests of shareholders, and despite the intention of the company and current shareholders to abide by the provisions of Article 18 of the Corporate Governance Regulation and Articles 69 and 70 of the Companies Law, which stipulate that contracts with related parties must be presented to the general assembly, without giving the right to the shareholders with interests in these contracts to vote on them, and the board members' recognition of the non-competitiveness of the company business and dealing with related parties on competitive basis. Yet it is not possible to provide guarantees that these transactions occur on the basis that they represent the best interest of the shareholders.

2-2-23 Classification Risks

The Implementing Regulations of Cooperative Insurance Companies Control Law stipulate that these companies, including the company, must select re-insurance providers with (BBB) classification according to Standard and Poor's (S&P) rating or an equivalent classification as a minimum. It would be necessary to cancel the re-insurance agreement concluded with the re-insurance company or get the approval of the Monetary Agency if the classification of the re-insurance company dropped, which will add to the expenses and risks on the company.

2-3 Risks pertaining to ordinary shares

2-3-1 Risks of distributing shares dividends

The decision to distribute shares dividends by the company depends on several factors, such as the financial status of the company, future profits, working capital requirements, distributable reserves, cash available to the company, economic conditions, and any other factors the members of the board of directors of the company find important at the time.

Although the company intends to distribute annual dividends to its shareholders, it does not guarantee in any way that profits will be distributed in any specific fiscal year. Taking into account that distributing profits is subject to some restrictions mentioned in the company internal policies and related laws. (refer to the section on "Dividends Distribution Policy").

2-3-2 Risks of share price fluctuation

Subscribers to company shares may not be able to resell the shares they have subscribed into at the same subscription price or at a higher price due to several factors. The trading price of the subscription shares on the market following the IPO can be greatly influenced by factors such as differences in the outcomes of company operations, market conditions and fluctuations, change in economic situation, or change in government laws.

2-3-3 Risks of effective and actual control by founding shareholders.

The founding shareholders effectively own 70% of the issued company shares. Accordingly, the founding shareholders will be able to influence all matters that require shareholders' approval, including the major expenses by the company and the appointment of the board members (excluding as mentioned in Articles 69 and 70 of the Companies Law).

As a result, founding shareholders can exercise their rights in a way that may have great influence on the company business, its financial position and operations outcomes, including important deals and transactions and capital amendment, without enabling the minor shareholders from voicing their opinion on the said decisions.

2-3-4 Risks of sale or purchasing a large number of shares

Selling a large number of company shares at the stock exchange after the IPO or expecting such operation could negatively affect the prices of these shares on the market.

2-3-5 Risks of expiry of the ban period on selling shares

Founding shareholders are subject to a ban period during which they are not allowed to sell their shares in the company, this lasts for three full fiscal years, each of which is not less than 12 months ("Ban Period") At the end of the ban period after these three fiscal years from the date of company incorporation, in case the founding shareholders attempted to sell large quantities of their shares following the ban period, this could have a negative effect of on the company share price on the market.

2-3-6 The absence of a previous market for the company shares

The company shares have not been traded on the stock exchange before, which means that it cannot be confirmed that the subscription price will be equal to the price it will be traded on the market after the subscription.

The price of the company share on the market may be subject to major fluctuations as a result of several factors, including without limitation, the general situation of the Saudi economy, the condition of the insurance market, company performance and outcomes in addition to any other factors that are beyond the will of the company and out of its control.

2-3-7 Risks of shares profits

After a period of time, the company might need to increase its capital through a right issue . Upon completion of the offering and increasing capital, the profit of the company share might be influenced as the profits of the company shares will be divided on the largest number of shares. The company does not guarantee the distribution of specific shares profits after increasing capital.

2-4 Risks related to the economic situations

The financial performance of insurance companies might greatly depend on the local economic conditions in the Kingdom as well as on the global economic conditions that affect the economy of the Kingdom of Saudi Arabia. Any instability in the global economic conditions or tangible drop in oil prices could be an influencing factor on the economy of the Kingdom, and as the economic performance of the company is related to a certain extent to the economic situation in the Kingdom and the world, the financial outcomes of the company may be affected by the changes that might occur or that might result in a drop in demand on company products and services. In addition to that, the directions of premiums and claims in insurance markets are considered fluctuating in nature, and unexpected events such as natural disasters and the increase in inflation and competition rates might influence the size of future claims and this will reflect negatively on the profits and returns of the insurance companies.

Also the tangible drop in oil prices could affect the local income, economic activity and individual incomes, and thus the companies working in the Kingdom of Saudi Arabia including the company.

Since the company is unable to predict the economic situations and future fluctuations, thus it cannot be assure that the future situations will not affect the financial outcomes of the company. Also, there are no guarantees that the future conditions will not have a fundamental negative effect on the company profits and returns.

3 Brief on the Market

3-1 Data sources

In this prospectus, the information pertaining to the insurance industry and market data were acquired from different sources. It is believed that these information, sources and estimates are reliable, and the company made appropriate effort to confirm the sources of this information. Although BMG Financial Group and the advisors whose names appear on page (10) have no reason to believe that any of this information pertaining to the insurance sector or the data related to the market are inaccurate in their core, yet the accuracy of this information was not independently checked and no confirmations can be given on its authenticity or comprehensiveness. These sources include:

- **Saudi Arabian Monetary Agency**

The Saudi Arabian Monetary Agency was established in 1952G. The Agency is responsible for main duties including issuing the national currency, act as the government bank, monitor the commercial banks, manage the foreign reserves in the Kingdom, set the monetary policy to preserve the stability of prices and exchange rates, encourage the growth of the financial system and guarantee its safety.

The information used from the Monetary Agency is considered open to the public through its website online, and as such, it does not require consent to use the said information in this prospectus.

- **Swiss Re-Insurance Company (Swiss Re)**

A leading global company in the field of re-insurance, established in 1863G in Zurich, Switzerland, and operates in more than 25 countries around the world. The company issues reports on the insurance sector around the world, and these reports are available to the public online. This company provided re-Takaful solutions for family programs in the Middle East in the past three years.

The information used from Swiss Re is considered open to the public through its website online, and as such, it does not require consent to use the said information in this prospectus.

- **Alpen Capital Group (Alpen Capital)**

Alpen Capital is a leading investment bank that provides its services to its clients from companies in the Arabian Gulf and Asia through its offices in Dubai, Muscat, Doha, Manama, Delhi, Bombay, and Bengalur. Its services include debt advice, merger and acquisition, and shares services. It published and publishes numerous economic and financial reports to cover some sectors in the Gulf region including insurance.

Some of the prepared data in the report on the Insurance Industry in Gulf Cooperation Council Countries dated 21 August 2011G was used, and the written consent of Alpen Capital was acquired to include their name, logo and statement in this prospectus.

3-2 About the Saudi Economy

The economy of the Kingdom of Saudi Arabia is considered an oil economy, meaning that it depends primarily on oil as a main resource for state treasury. Estimates for 2010G indicated that the Kingdom owns 264.5 billion barrels of oil representing 18% of the global oil reserves.² Saudi Arabia is classified as the biggest exporter of oil and plays a main role in OPEC. Oil forms 93% of the treasury revenues, 52% of gross domestic product (GDP) and 90% of export revenues. The Saudi private sector contributes 40% of the total gross domestic product of the Kingdom.³

The gross domestic product in 2011 is estimated at 2.15 trillion Saudi Riyal (US\$571 billion) with a rate of increase reaching 28%. The reason behind this economic growth is the increase in oil prices in addition to the continued spending by the Kingdom government on infrastructure, education and health projects. This was obvious through the government announcement of the expanding budget for the fiscal year 1433/1434H, in which the rate of spending reached 804 billion Saudi Riyal.⁴

3-2-1 Economic Shift

The economic approach in the Kingdom of Saudi Arabia had witnessed a major change, where the role of the government sector had started to fall gradually in favour of the private sector, which in turn started to grow gradually as a result of the strategic direction followed by the government with respect to giving the private sector a bigger role to participate in the national economy, which can be seen in encouragement and support of privatization by the government.

3-2-2 Financial Market Performance

The news of the local shares market have been in the forefront of Saudi economic news since the first quarter of 2003G till the first half of 2006G, with the major fluctuations in the shares indicator contributing to attracting the attention of many investors even from abroad. The shares indicators lost around 53.26% of its value in 2006G, which led to the investors losing a large part of their savings, affecting negatively on the majority of economic sectors. Yet the continued high level of government spending, which led to creating more work opportunities together with the increase in the public sector salaries by 15% and the drop in oil prices, were all factors that contributed to a partial increase in the buying power of the consumers and regaining their trust, as the growth of indicator in 2007 reached around 40.24%. The Tadawul indicator came to witness a severe drop in 2008G, where Tadawul indicator dropped 56.49% as a result of the severe crisis in the global economy and global stock exchanges. The world economies have started to show signs of recovery recently, and Tadawul indicator increased by 22% in 2009G. While in 2010 and 2011, the performance of the market was not satisfactory, with the market winning around 8% and then losing around 4% respectively. While this year the market performance was good as it increased around 22% during the first quarter of 2012G.⁵

3-2-3 Population Growth

The Kingdom of Saudi Arabia is witnessing a major growth in population, with the Kingdom population estimated according to the 2010G census at 27 million compared to 22.7 million according to the 2004 census with a growth rate of 3.2%.⁶ This major growth in population is accompanied by an increase in demand on all insurance services in general, and on individual insurance services in particular, for example, health insurance and vehicles insurance.

2 Oil Producing and Exporting Countries Organisation (OPEC), <http://www.opec.org> dated 12 May 2012G.

3 Saudi Ministry of Finance, <http://www.mof.gov.sa> dated 12 May 2012G.

4 Saudi Ministry of Finance, <http://www.mof.gov.sa> dated 12 May 2012G.

5 www.tadawul.com.sa

6 Central Department of Statistics and Information

3-3 Global Insurance Markets

The total global insurance premiums (properties, damages, security, saving and health) have reached close to US\$4.59 trillion (17.28 trillion Saudi Riyal) in 2011G compared to US\$4.3 trillion (16.30 trillion Saudi Riyal) in 2010G according to Swiss Re reports. The share of the United States of America of insurance premiums had reached around US\$1.20 trillion (4.5 Saudi Riyal) in 2011G, with an increase of 0.5% from 2010G, in which the premiums reached US\$1.16 trillion (4.35 trillion Saudi Riyal).⁷

Year	Gross Written Premiums globally (billion Riyal - approximately)	Gross domestic production growth in industrial countries	Gross domestic production growth in developing countries
2005	12,375	4.5%	18%
2006	13,875	5.0%	17%
2007	15,000	9.0%	23%
2008	16,125	5.0%	21%
2009	15,750	-5.0%	-5%
2010	16.300	5.0%	18%

Source: Swiss Re, International Monetary Fund, Alpen Capital

In this context, the insurance markets in industrial economies, which are in the maturity stage, have grown by 3.4% in 2010 on an annual base compared to 20.2% in advanced economies for the same period. The share of the United States of America of insurance premiums had reached around US\$1.16 trillion (4.36 trillion Saudi Riyal) in 2010G, with an increase of 1.08% from 2009G, in which the premiums reached US\$1.15 trillion (4.31 trillion Saudi Riyal).⁸

Although the overall economy is characterized by a little slower economic growth, and an increase in inflation rates, the insurance sectors, except life insurance, have grown at 8.2% on an annual base in 2011G compared to 4.2% in 2010 to reach US\$1.969 billion (close to 7.405 billion Saudi Riyal). The increase in the insurance sector other than life insurance is attributed to the strong economic growth and increase in the income level of the family. The insurance sector, except for life insurance had grown at a compound annual rate of 6.9% from 2003 to 2008. The insurance sector, except for life insurance, prevails in growing economies, including central / east Europe, Middle East, North Africa and Latin America, as well as other growing Asian economies.

The depth of global insurance in sectors other than life insurance (protection and saving) reached 2.9% with its density reached US\$378 (equivalent to 1,421 Saudi Riyal) per person in 2011G.

Industrial countries contributed 85% to insurance premiums on other than life insurance over the year, while the share of emerging markets was 15% much less than that in 2010. The emerging markets have witnessed steady growth in insurance premiums over the years as a result of the increase in its total domestic growth rate.

	Population	Gross domestic product	Insurance excluding Security and Saving	Security and Saving Insurance
Industrial Countries	15%	66%	86%	84%
Emerging Countries	85%	34%	14%	16%

Source: Swiss Re, Monetary Fund, and Alpen Capital

⁷ Swiss Re "World Insurance in 2011".

⁸ Swiss Re "World Insurance in 2011".

Country	Insurance premiums (million Saudi Riyal)	Percentage of Global Market
Turkey	31.762	0.43%
Iran	28.312	0.38%
United Arab Emirates	20.287	0.28%
Kingdom of Saudi Arabia	17.559	0.24%
Morocco	7.458	0.10%
Algeria	4.121	0.06%
Egypt	3.648	0.05%
Qatar	3.405	0.05%
Tunisia	2.602	0.04%
Kuwait	2.351	0.03%
Oman	2.313	0.03%
Jordan	2.118	0.03%
Bahrain	1.616	0.02%

Source: Swiss Re.

With respect to the Middle East and North Africa, the total insurance premiums (excluding life) for 2011G can be summarized in the following table:

The market value for life insurance in industrial countries has improved noticeably, and is better than it has been before the crisis in 2007G. It is now more ready to face challenges in the future. Global life insurance premiums have risen to US\$2.516 billion (equivalent to 9.460 billion Riyal) in 2011G, and the sector recovered quickly from the disappointing performance of 2009G, registering growth at 4.4% in 2011 compared to 6% in 2010G. Latin America and the Caribbean have led the market with an annual growth rate of 19.72% followed by Oceania (Australia and New Zealand) and South East Asia which grew at the rates of 18.2% and 17.7% respectively. The percentage of global life insurance breakthrough was 3.8%, while its density (insurance premium per person) reached US\$378 (equivalent to 1,421 Saudi Riyal) in 2011G⁹.

3-4 Insurance Market in the Kingdom of Saudi Arabia

Local, regional and international insurance companies concluded that the economic conditions and access to the markets all over the world can contribute in achieving its growth objectives. Any way, reaching these objectives required overcoming the obstacles and understanding the complications that include the fast change in laws and regulations, the increasingly fluctuating economic environment, demographic diversity and economic diversity.

The insurance companies that succeed in overcoming these obstacles will be more aware than their competitors.

It is expected that major insurance companies continue their endeavours and evaluate expansion opportunities in the markets in steady growth areas. Making the effort and providing the required attention shall represent a challenge, and necessarily, moving will be fact because some markets have a limited number of potential local partners that suit them.

The insurance industry in Gulf Cooperation Council countries was not safe from the financial crisis. It was growing at a fast pace before 2007 and then the speed of its growth was curbed with the increase in oil prices, which affected the decrease in global economic activity and stressed on credit markets. Despite that, the insurance sector with its flexibility was able to achieve a humble growth while most other markets were within the red light. Also, the area had started to recover from economic recession thanks to the diversity and economic growth in Gulf Cooperation Council countries, in addition to the constant support from government law and the favourable demographic and environmental elements of growth, which increases the possibility of a higher growth in the levels of the insurance sector during the period 2012-2015.

⁹ Report on the Insurance Sector in Gulf Cooperation Council Countries 2011G, Alpin Capital

The insurance industry in the Gulf Cooperation Council countries is relatively small with noticeably low levels with respect to the rate of spread and density. This indicates the size of the growth opportunity, but insurance companies in Gulf Cooperation Council countries are still facing a number of challenges, including not bearing a share of the security sums, and thus shows the great dependence on re-insurance companies. Also insurance companies invest heavily in investment shares and property portfolios, which makes them subject to losses in a market characterized by fluctuation.

The insurance industry in the Kingdom of Saudi Arabia are taking remarkable steps, with an increase in the number of insurance policies, followed by an increase in insurance premiums, which is considered an important step to develop the insurance sector.

The insurance sector plays an increasingly important role in the economy of the Kingdom of Saudi Arabia, with much more funds at their disposal, whenever knowledge by companies and individuals of the importance of security and cover increased.

3-4-1 History

The insurance sector focused since 1970G on government insurance imports and construction projects that were mostly controlled by foreign companies. In 1985G, the concept of cooperative insurance was approved by the High Scholars Authority, and the first insurance company registered in the Kingdom was incorporated, which is Cooperative Insurance Company working according to the Islamic Sharia after acquiring the consent of the Saudi Arabian Monetary Agency in 1405H (corresponding to 1984G).¹⁰

The Monetary Agency is now undertaking the duty of regulating and supervising the insurance sector, prepare and implement licensing standards in relation to insurance companies. The new law stipulates that insurance companies must be registered and licensed in the Kingdom such as public joint stock company in order to practice insurance work in the Kingdom. The new laws apply not only on insurance companies, but also on re-insurance companies, insurance agents, agencies, realtors and damage settlement offices.

In 1420H (1999G), the regulations of the Cooperative Health Insurance Council were issued based on the Royal Decree No. (M/10) dated 1/5/1420H (corresponding to 13/8/1999G) in order to regulate the cooperative health insurance, and in Rabi' Al-Thani of 1423H (corresponding to June 2002G) the Cooperative Health Insurance Council issued the Implementing Regulations for the obligatory cooperative health insurance law, which obliged all companies that employ more than 500 foreign employees to provide a health cover therefore. The second phase includes all the companies that employ between 100-500 expat employees. While the third and final phase includes all companies that employ foreigners. This law was finally announced to be put into force in 1426H (corresponding to 2005G). The Kingdom of Saudi Arabia intends to become the first country in the world to implement the obligatory health insurance system on nationals and residents, and raise the awareness level with respect to this matter through the media and other channels.¹¹

As for the obligatory license insurance decision, it was implemented based on Cabinet Resolution No. 222 dated 13 Shaaban 1422H (corresponding to 30 October 2001G). The Esteemed Council of Ministers recently issued a decision obliging insuring third party liability for vehicles instead of insuring the license.

In 2003G, the Cooperative Insurance Companies Control Law was issued under Royal Decree No. (M/32) dated 2/6/1424H, and the Implementing Regulations for this Law was issued according to Ministerial Decree No. 1/596 dated 1/3/1425H, which allowed the incorporation of companies that had a local activity or the licensed branches of foreign companies to practice cooperative insurance work in the Kingdom.

The Cooperative Insurance Companies Control Law and its Implementing Regulations stipulated to allow local insurance companies to practice insurance activity in the Kingdom. The Monetary Agency is responsible for regulating and supervising the insurance sector, as well as prepare and implement licensing criteria for insurance companies. This was followed by the issuance of a number of royal decrees since 16/9/1427H (corresponding to 9/10/2006) approving the incorporation of a number of insurance companies.

¹⁰ Economic Intelligence Unit (13 August 2006). Country Risks Open Saudi insurance market

¹¹ Middle East 13 February 2007G, Minister of Health "We will be the first country to apply cooperative health insurance on all residents".

3-4-2 Latest Developments

The insurance market in the Kingdom had witnessed noticeable growth that reached 12%, with the total insurance premiums reaching 16.4 billion Saudi Riyal in 2010G compared to 14.6 billion Saudi Riyal in 2009G. Where the percentage of growth in the field of health insurance reached 19%, and the percentage of growth in insuring vehicles reached 6% in 2010G.¹² As shown in the table below, the rate of growth in the size of the insurance market reached levels higher than 20 and 30% annually.

	2006	2007	Change	2008	Change	2009	Change	2010	Change
Total protection and saving insurance premiums (million Riyal)	218	327	50%	594	82%	1.003	69%	972	-3%
Health Insurance (million Riyal)	2.222	3.065	38%	4.805	57%	7.292	52%	8.690	19%
General Insurance (million Riyal)	4.497	5.191	15%	5.520	6%	6.315	14%	6.725	6%
Total Value of Insurance Premiums (million Riyal)	6.937	8.583	24%	10.919	27%	14.610	34%	16.387	12%
Percentage of total general insurance to the gross domestic product	0.34%	0.37%	8.82%	0.31%	-16.22%	0.46%	48.39%	0.41%	10.87%
Percentage of total health insurance to the gross domestic product	0.17%	0.22%	29.41%	0.27%	22.73%	0.53%	96.30%	0.53%	0.00%
Percentage of protection and saving insurance premiums to domestic product	0.02%	0.02%	0.00%	0.03%	50.00%	0.07%	133%	0.06%	-14.29%

Source: Monetary Agency.

Relative distribution of the main insurance sectors (2010G)

Insurance branch	Percentage to Gross Written Premiums 2007	Percentage to Gross Written Premiums 2008	Percentage to Gross Written Premiums 2009	Percentage to Gross Written Premiums 2010
Health	36%	44%	50%	53%
Vehicles	28%	23%	21%	20%
Security and Saving	4%	5%	7%	6%
Property	9%	7%	6%	6%
Engineering	6%	6%	6%	5%
Marine	6%	6%	4%	3%
Accidents and Liability	7%	5%	4%	3%
Power	4%	2%	2%	2%
Aviation	1%	1%	1%	2%

Source: Monetary Agency.

The table above shows the relative distribution of the shares of the various insurance sectors based on insurance premiums, where the control of both the vehicles and health insurance sectors over more than half of the market. The value of the Gross Written Premiums in the years 2007 to 2010 reached 8.5, 10.9, 14.6 and 16.4 billion Riyal respectively.

¹² Saudi Monetary Agency - Saudi Insurance Market Report, 2010G.

Insurance market density (2006 - 2010)

Type of activity	2006	2007	2008	2009	2010	Rate of change 10-09
	Saudi Riyal	Saudi Riyal	Saudi Riyal	Saudi Riyal	Saudi Riyal	
Total general insurance	189.9	216.5	222.5	248.9	247.8	-4.0%
Total health insurance	93.8	127.8	193.7	287.4	320.2	11.4%
Total protection and saving insurance	9.2	13.6	23.9	39.9	35.8	-9.4%
Total	292.2	357.9	440.1	575.8	603.9	4.9%

Source: Monetary Agency.

The insurance density is known as the rate of individual spending on insurance (total subscribed insurance premiums divided by the population). According to the table above, the insurance density rose from 576 Riyal per person in 2009G to 604 Riyal per person in 2010G, with an increase of 4.9%, then to around 665 Riyal, with a growth rate of 10% in 2011G¹³. This number is still low when compared to global figures, where the insurance density in Asian countries reach 314 dollars per person (equivalent to 1,180 Saudi Riyal), with the global number for the same year 2011G reaching 661 dollars per person (equivalent to 2,485 Saudi Riyal)¹⁴. The individual spending level on insurance services also increased at an average annual rate that reached 20% in the period from 2006G to 2010G. The density of the protection and saving insurance remained low in general compared to the general insurance and health insurance, where that percentage reached 36 Riyal per person in 2010¹⁵ and this rate did not increase in any significant way in 2011G, while individual spending on life insurance in Asia reached 229 dollars (861 Riyal) and in the world 378 dollars (1,421 Riyal) per person¹⁶.

Net written premiums according to type of activity (2009 - 2010)

Type of activity	2009		2010		Rate of change 10-09
	Million S.R.	%	Million S.R.	%	
Insurance against accidents, liabilities and others	244.3	2.4%	275.9	2.3%	12.9%
Vehicle insurance	2,944.1	29.2%	3,098.8	26.3%	5.3%
Property and Fire Insurance	105.1	1.0%	126.5	1.1%	20.3%
Marine Insurance	183.2	1.8%	175.4	1.5%	-4.3%
Aviation insurance	1.1	0.01%	4.8	0%	341.6%
Energy insurance	5.2	0.1%	7.6	0.1%	46.0%
Engineering insurance	125.3	1.2%	113.9	1.0%	-9.1%
Total general insurance	3,608.4	35.8%	3,802.9	32.2%	5.4%
Total health insurance	5,556.9	55.2%	7,120.0	60.3%	28.1%
Total protection and saving insurance	908	9.0%	876.8	7.4%	-3.4%
Total	10,073.2	100.0%	11,799.7	100.0%	17.1%

Source: Monetary Agency.

13 Saudi Monetary Agency - Saudi Insurance Market Report, 2010G.

14 Swiss Re "World Insurance in 2011"

15 Saudi Monetary Agency - Saudi Insurance Market Report, 2010G.

16 Swiss Re "World Insurance in 2011"

The net written premiums subscribed to are defined as the premiums kept at the insurance company after deducting the premiums assigned to local and international re-insurance companies from the total insurance premiums subscribed to according to the type of activity. The table above explains an increase in the total net written premiums subscribed to from 10.07 billion Riyal in 2009G to 11.8 billion Riyal in 2010G, with a 17% increase.

Also in 2010G, vehicle and health insurance scored around 86% of the total net written premiums subscribed to, with health insurance keeping its position as the highest insurance activity, reaching 60% of the total net written premiums subscribed to in 2010G compared to the rate of 55% in 2009G.

The vehicles insurance share from the net insurance premiums subscribed to continued to drop yet it maintained the second place, with the vehicles insurance share reaching 26% of the net insurance premiums subscribed to in 2010G compared to 29% in 2009G.¹⁷

Rate of retention by type of activity (2009 - 2010)

Type of activity	2009	2010	Rate of change 10-09
	%	%	
Insurance against accidents, liabilities and others	44.9%	54.4%	21.2%
Vehicle insurance	96.4%	95.7%	-0.7%
Property and Fire Insurance	11.6%	13.2%	13.6%
Marine Insurance	34.9%	33.8%	-3.0%
Aviation insurance	0.6%	1.6%	152.2%
Energy insurance	1.7%	2.3%	33.9%
Engineering insurance	15.5%	13.1%	-15.3%
Total general insurance	57.1%	56.5%	-1.0%
Total health insurance	76.2%	81.9%	7.5%
Total	67.4%	70.9%	5.2%

Source: Monetary Agency.

Note: The rates of retention are not apparent with respect to protection and saving insurance, as the saving element must be kept included in the contract in Saudi companies, and therefore it is not possible to keep that type of insurance with other types.

The retention rate is considered a measure of insurance premiums subscribed into as retained by the insurance company, and can be reached by dividing net written premiums subscribed to over the total insurance premiums subscribed to. According to the table above, the total retention rate of insurance companies witnessed an increase from 67.4% in 2009G to 70.9% in 2010G. This is due to an increase in the retention rate for vehicle and health insurance which take 73% of the total insurance premiums subscribed to, and in 2010G, the retention rate for vehicle insurance reached 96% and health insurance 82%.¹⁸

¹⁷ Saudi Monetary Agency - Saudi Insurance Market Report, 2010G.

¹⁸ Saudi Monetary Agency - Saudi Insurance Market Report, 2010G.

Total claims paid according to type of activity (2009 - 2010)

Type of activity	2009		2010		Rate of change 10-09
	Million Saudi Riyal	%	Million Saudi Riyal	%	
Insurance against accidents, liabilities and others	98.4	1%	57.8	1%	-41.2%
Vehicle insurance	1.621.4	22%	1.881.5	22%	16.0%
Property and Fire Insurance	456.1	6%	397.3	5%	-12.9%
Marine Insurance	166.7	2%	276.5	3%	65.8%
Aviation insurance	17.8	0%	26.5	0%	49.4%
Energy insurance	570.1	8%	138.5	2%	-75.7%
Engineering insurance	145.6	2%	159.2	2%	9.3%
Total general insurance	3.076.2	42%	2.937.3	35%	-4.5%
Total health insurance	4.010.0	55%	5.440.2	64%	35.7%
Total protection and saving insurance	169.2	2%	136.2	2%	-19.5%
Total	7.255.4	100%	8.513.8	100%	17.3%

Source: Monetary Agency.

The table above shows the increase in the total claims paid from 7.26% billion Royal in 2009 to 8.51 billion Riyal in 2010G at the rate of 17%. In 2010G, the total claims paid on health insurance had achieved growth at the rate of 36% with a growth of 16% on vehicles compared to 2009G.¹⁹

3-4-3 Competition

The market is currently witnessing vital changes with a noted increase in the rate of competition with companies getting license to work as insurance companies under the Cooperative Insurance Companies Control Law. It is expected that the level of competition will increase between the current companies and the new companies that enter the market. The new companies will try to find a place for themselves through several factors such as competitive prices, improving customer service standards, improving the efficiency of administrative operations, and adopting more advanced techniques.

¹⁹ Saudi Monetary Agency - Saudi Insurance Market Report, 2010G.

Market share of competitors (2009G - 2011G)

	2011G		2010G		2009G	
Tawauniya	4,431,153	24%	4,180,906	26%	4,035,339	35%
Medgulf	2,811,057	15%	2,622,549	16%	1,849,482	16%
Bupa	1,993,251	11%	1,739,390	11%	1,347,337	12%
USA	1,068,776	6%	850,546	5%	908,867	8%
Allianz	683,691	4%	523,414	3%	337,831	3%
Malath	600,911	3%	600,261	4%	363,187	3%
Arabia	565,059	3%	567,734	4%	269,060	2%
Saico	548,444	3%	552,694	3%	73,607	1%
Commercial Federation	538,092	3%	409,922	3%	379,938	3%
Al-Rajhi	493,344	3%	229,864	1%	0	0%
General Gulf	474,727	3%	162,531	1%	0	0%
Axa	427,790	2%	330,182	2%	0	0%
Gulf Union Insurance	328,777	2%	389,587	2%	494,674	4%
Wataneya	322,582	2%	70,113	0%	0	0%
Amana	289,790	2%	0	0%	0	0%
Saudi United	278,560	2%	219,998	1%	142,920	1%
Remaining companies	2.413.315	13%	2.616.454	16%	1.292.961	11%

Source: Financial Advisor and Tadawul.

As shown in the table above, the average market share of the biggest five companies is equal to more than 50% of the insurance market in the last three years, where each of the remaining companies got less than 5% of the market share.

3.4.4 Future Expectations

The openness plan, adopted by the Saudi government and the policy for diversifying its sources and reducing its dependence on oil revenues, had affected the national economy of the Kingdom, which makes it witness strong growth in recent years. This policy had made the Saudi economy more attractive to many investors, which was reflected on the size of investment flow in the Kingdom. The Saudi economy succeeded in showing its strength under the global crisis, this was assisted by the government's continued expansionist financial policy and continuity of its long-term infrastructure projects, which are considered a main support in developing the economy of the Kingdom. Accordingly, growth is expected to continue in various economic sectors in the coming years.

It's expected for the insurance sector to grow noticeably in the coming years as a result of the notable trend towards regulating the insurance sector in general, since the issuance of the Cooperative Insurance Companies Control Law, its Implementing Regulations and the regulatory laws²⁰. In addition to that, there is expected growth in the protection and saving branch, due to the size of the market and increasing awareness of the importance of this branch for the community.

On the other hand, the increase in the number of licensed cooperative insurance companies in the Kingdom had a very significant impact in increasing competition. Several of these companies have been licensed and several others are under screening, with the number of licensed cooperative insurance companies in the Kingdom expected to reach around 35 companies in near future²¹, which will in turn increase competitiveness.²²

²⁰ BMG.

²¹ Saudi Arabian Monetary Agency.

²² Saudi Arabian Monetary Agency.

The following are the insurance companies listed on the stock market to date:

- | | |
|--|--|
| 1. Tawuniya Insurance Company | 18. Axa Cooperative Insurance Company |
| 2. National Company for Cooperative Insurance | 19. Al Ahli Takaful Company |
| 3. Gulf General Cooperative Insurance Company | 20. Trade Union Cooperative Insurance Company |
| 4. Saudi United Cooperative Insurance Company | 21. Arabia Cooperative Insurance Company |
| 5. Saudi Indian Company for Cooperative Insurance | 22. Arabian Shield Cooperative Insurance Company |
| 6. Saudi Company for Cooperative Reinsurance | 23. Alsagr Cooperative Insurance Company |
| 7. Saudi Arabian Company for Cooperative Insurance | 24. Al Rajhi Cooperative Insurance Company |
| 8. United Cooperative Assurance Company | 25. Alamiya Cooperative Insurance Company |
| 9. Wataniya Cooperative Insurance Company | 26. The Mediterranean and Gulf Cooperative Insurance and Reinsurance Company |
| 10. United Group for Cooperative Insurance | 27. Buruj Cooperative Insurance Company |
| 11. Bupa Arabia for Cooperative Insurance | 28. Sanad Cooperative Insurance and Reinsurance Company |
| 12. Sabb Takaful Company | 29. Malath Cooperative Insurance and Reinsurance Company |
| 13. Saudi Fransi Cooperative Insurance Company | 30. Solidarity Saudi Takaful Company |
| 14. Amana Cooperative Insurance Company | 31. Saudi Enaya Cooperative Insurance Company |
| 15. Saudi Ayak Cooperative Insurance Company | 32. Weqaya Takaful Insurance and Reinsurance Company |
| 16. Ace Arabia Cooperative Insurance Company | 33. Tokio Marine Company |
| 17. Gulf Union Cooperative Insurance Company | |

As for the companies that acquired Council of Ministers approval on their incorporation but have not been offered yet:

American International Group Company and Arab National Bank

Aljazira Takaful Ta'wuni

4 The Company

4-1 Company Background

Aljazira Takaful Ta'wuni Company (hereinafter referred to in this prospectus as the "Company") is a Saudi joint stock company under incorporation, with its incorporation license approved under the Council of Ministers Resolution No. (137) dated 27/4/1431H and Royal Decree No. (M/23) dated 28/4/1431H, as a cooperative insurance company in the Kingdom of Saudi Arabia. Its capital at incorporation shall be (350,000,000) three hundred and fifty million Saudi Riyal distributed over (35,000,000) thirty five million ordinary shares with a nominal value of (10) Saudi Riyal per share. The founding shareholders have subscribed in (24,500,000) twenty four million five hundred thousand ordinary shares representing 70% of the company capital, with their value deposited into the company account at Bank Aljazira, account No. 0021258566001. Also (10,500,000) ten million five hundred thousand ordinary shares will be offered to the public at the price of (10) ten Riyal per share.

After completing subscription and holding the Constituent Assembly, an application shall be submitted to His Excellency the Minister of Commerce and Industry to announce the incorporation of the company. The company shall be considered officially incorporated upon the issuance of the Minister of Commerce and Industry's resolution ("Ministerial Resolution") announcing the incorporation and the company and issuing a commercial register thereof. After that the company shall apply to the Monetary Agency to issue a final license to practice cooperative insurance activities, and after issuing the license, the company shall submit an application to license the insurance programs it presents, and then the company would be able to begin its work. In parallel, the company shall proceed with evaluating the insurance portfolio of Bank Aljazira in preparation for acquiring it, after getting the approval of the Monetary Agency and the Extraordinary General Assembly of the acquisition value and conditions. It is worth noting that the process of transferring the portfolio and the operations necessary to begin practicing the work are subject to restrictions and official procedures beyond the control of the company, therefore it is not possible to set a schedule for completing it.

The company headquarters shall be in Al-Musa'ediya Centre, Medina Road, Jeddah City.

Following its incorporation, the company intends to submit an application to the Monetary Agency to practice the insurance activity in the Kingdom, and will take all necessary procedures to acquire the necessary approvals for its acquisition of the insurance portfolio of Bank Aljazira (Kindly refer to the section on "Acquisition")

The company intends to provide cooperative insurance services at the protection and saving sector according to the Cooperative Insurance Companies Control Law, issued by Royal Decree No. M/32 on 02/06/1424H and its Implementing Regulations under the supervision by the Saudi Arabian Monetary Agency as the entity responsible for supervising the insurance sector in the Kingdom.

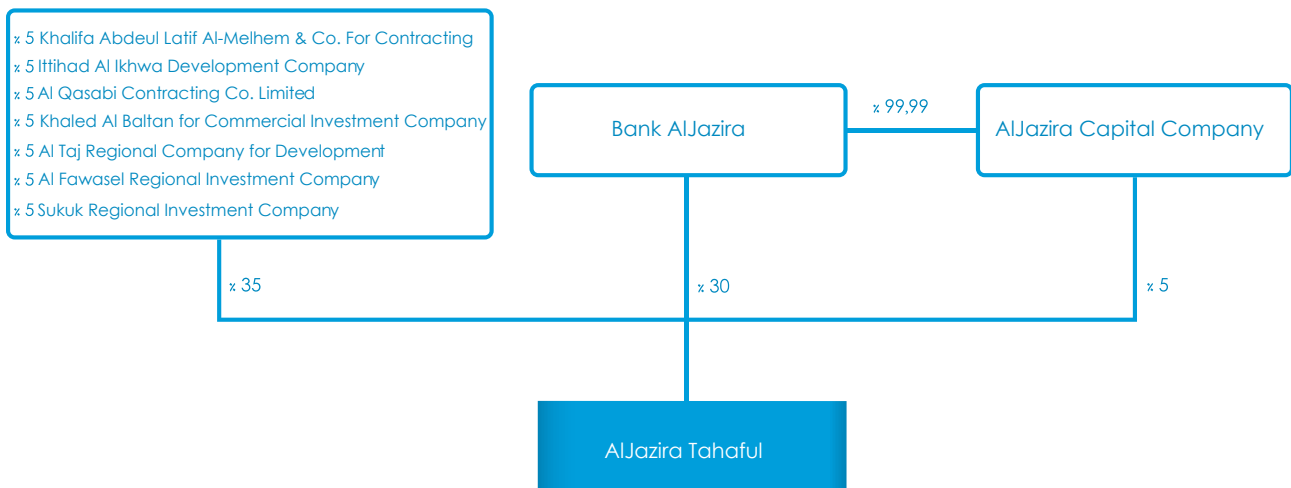
As the company is under incorporation and had not in fact started its activity, it will not have any continued or discontinued activity whether in the Kingdom of Saudi Arabia or abroad as independent entity, or any assets in the Kingdom or abroad.

Nor does the company intent to undertake any activities other than what it was incorporated for, or make any fundamental change to the activities it had based its preliminary plans on.

4-2 Structure of Company Ownership

The capital of the company is (350,000,000) three hundred and fifty million Saudi Riyal distributed on (35,000,000) thirty five million shares. Founding subscribers have subscribed into (24,500,000) twenty four million five hundred thousand shares representing (70) % of the company capital. Also (10,500,000) ten million five hundred thousand shares representing (30)% of the company capital shall be offered to the public at the price of (10) ten Riyal per share. The following diagram shows the position of the company within Bank Aljazira Group.

Founding Shareholders



As for the percentage of the founding shareholders' shares, it is distributed according to the following table:

No.	Shareholders	Nationality	No. of Shares	Book Value (Riyal)	Percentage of Ownership (%)
1	Bank Aljazira	Saudi	10,500,000	105,000,000	30%
2	Aljazira Capital Company	Saudi	1,750,000	17,500,000	5%
3	Khalifa Abdul Latif Al-Melhem & Co. for Contracting	Saudi	1,750,000	17,500,000	5%
4	Ittihad Al Ikhwa Development Company	Saudi	1,750,000	17,500,000	5%
5	Al Qasabi Contracting Co. Limited	Saudi	1,750,000	17,500,000	5%
6	Khaled Al Baltan for Commercial Investment Company	Saudi	1,750,000	17,500,000	5%
7	Al-Taj Regional Company for Development	Saudi	1,750,000	17,500,000	5%
8	Al Fawasel Regional Investment Company	Saudi	1,750,000	17,500,000	5%
9	Sukuk Regional Investment Company	Saudi	1,750,000	17,500,000	5%
Total Shares of Founding Shareholders			24,500,000	245,000,000	70%
Public Shares			10,500,000	105,000,000	30%
Grand Total			35,000,000	350,000,000	100%

Source: The Company

4-3 Companies and Establishments subscribing in the Company

The structure of the founding shareholders is listed as follows:

4-3-1 Bank Aljazira

Bank Aljazira was established in 1975 as a Saudi joint stock company registered in the Kingdom of Saudi Arabia under commercial register No. (4030010523). The capital of the bank is 3 billion Saudi Riyal. The bank shall provide all types of banking services compliant with the provisions of Islamic Sharia. The bank owns 30% of Aljazira Takaful Ta'awuni Company and 99.99% of Aljazira Capital Company, which in turn owns 5% of Aljazira Takaful Ta'awuni Company, raising the direct and indirect ownership of Bank Aljazira to around 35%. The following table provides a list of owners with 5% and more Bank Aljazira.

Shareholders	Percentage of Ownership	Percentage of indirect ownership in Aljazira Takaful
Ittihad Al Ikhwa Development Company	6.5%	2.27%
National Bank of Pakistan	5.8%	2.03%
Saleh Abdullah Mohamed Kamel	5%	1.75%
Shareholders with less than 5% ownership each	82.7%	28.95%
Total	100%	35%

The following are the details of Bank Aljazira Shareholders:

4-3-1-1 Ittihad Al Ikhwa Development Company

Please refer to the details of Ittihad Al Ikhwa Company below for more information

4-3-1-2 National Bank of Pakistan

The National Bank of Pakistan is a Pakistani government bank established in 1949G. as a bank working in the commercial banking field for companies and individuals, Islamic banking as well as investment banking. The bank has 1491 branches inside Pakistan in addition to 10 foreign branches. It is considered the first leading bank in Pakistan. Shareholders rights reached 1.5 billion US dollars by the end of 2011G., 76.8% of which belong to the Pakistani government. The remaining shares are traded in the Pakistani stock exchange.

4-3-2 Aljazira Capital Company

Aljazira Capital Company was establishing in 2008G. as a Saudi closed joint stock market registered in the Kingdom of Saudi Arabia under commercial register No. (4030177603). The company capital is (500,000,000) five hundred million Saudi Riyal. The company provides all financial activities, namely: Deal in its own capacity and as an agent; underwriting; management, regulation and providing consultancy; and conservation in securities work. Owns 5% in Aljazira Takaful Ta'awuni. The following table provides the list of owners of Aljazira Capital Company:

Shareholders	Percentage of Ownership	Percentage of indirect ownership in Aljazira Takaful
Bank Aljazira	99.99%	4.9995%
Tarek Othman Abdullah Al Qasabi	0.0025%	0.00013%
Abdul Majeed Ibrahim Abdul Mohsen Al-Sultan	0.0025%	0.00013%
Khalifa Abdul Latif Abdullah Al-Melhem	0.0025%	0.00013%
Mashari Ibrahim Mashari Al-Hussein	0.0025%	0.00013%
Total	100%	5%

4-3-3 Khalifa Abdul Latif Al-Melhem & Co. for Contracting

Khalifa Abdul Latif Al-Melhem & Co. for Contracting was established in 2008 as a limited partnership company registered in the Kingdom of Saudi Arabia, commercial register No.(2050062576). The company capital is (1,000,000) one million Saudi Riyal. The company undertakes general contracting activity; maintenance, cleaning and operating residential, commercial and industrial buildings; electric and mechanical work; irrigation and sewerage work; maintenance, cleaning and operating hospitals, ports, airports and entertainment centres; marine work; and the execution of gypsum and decor works. Owns 5% in Aljazira Takaful Ta'awuni. The following table provides the list of owners of Khalifa Abdul Latif Al-Melhem & Co. for Contracting:

Shareholders	Percentage of Ownership	Percentage of indirect ownership in Aljazira Takaful
Khalifa Abdul Latif Abdullah Al-Melhem	64%	3.2%
Abdul Latif Khalifa Abdul Latif Al-Melhem	8%	0.4%
Mohamed Khalifa Abdul Latif Al-Melham	8%	0.4%
Abdul Aziz Khalifa Abdul Latif Al-Melhem	8%	0.4%
Masha'el Khalifa Abdul Latif Al-Melhem	4%	0.2%
Lamiaa Khalifa Abdul Latif Al-Melhem	4%	0.2%
Sara Khalifa Abdul Latif Al-Melham	4%	0.2%
Total	100%	5%

4-3-4 Ittihad Al Ikhwa Development Company

Ittihad Al Ikhwa Development Company was established in 1993G. as a limited liability company registered in the Kingdom of Saudi Arabia, commercial register No. (1010111728). The company capital is (500,000) five hundred thousand Saudi Riyal. The company undertakes the activity of purchasing lands for the purpose of building on these plots, investing the same by buying, selling and leasing for the company, purchase and sell shares for the company if necessary without mediation in trading them, as well as undertake the works of architectural contracting and building maintenance and restoration. Owns 5% in Aljazira Takaful Ta'awuni Company in addition to owning 5% of the shares of Bank Aljazira, which owns a total of 35% both directly and indirectly, thus Ittihad Al Ikhwa Development Company owns 7.27% of Aljazira Takaful Ta'awuni both directly and indirectly. The following table provides a list of the owners who own Ittihad Al Ikhwa Development Company:

Shareholders	Percentage of Ownership	Percentage of indirect ownership in Aljazira Takaful
Abdullah Ibrahim Al-Sultan	20%	1.45%
Abdul Majeed Ibrahim Al-Sultan	20%	1.45%
Najlaa Ibrahim Al-Sultan	10%	0.73%
Wedad Ibrahim Al-Sultan	10%	1.45%
Sultana Ibrahim Al-Sultan	10%	0.73%
Abdul Mohsen Ibrahim Al-Sultan	20%	1.45%
Mounira Ibrahim Al-Sultan	10%	0.73%
Total	100%	7.27%

4-3-5 Al Qasabi Contracting Co. Limited

Al Qasabi Contracting Co. Limited was established in 1988G. as a limited liability company registered in the Kingdom of Saudi Arabia, commercial register No. (1010068765). The company capital is (1,000,000) one million Saudi Riyal. The company undertakes general contracting activity for buildings, including (construction, repair, maintenance, demolition and restoration), maintenance and cleaning of cities, hospitals, medical centres, wholesale and retail trading in construction materials, food materials, medical equipment, air conditioners and elevators, and trade agencies. Owns 5% in Aljazira Takaful Ta'awuni. The following table provides the list of owners of Al Qasabi Contracting Co. Limited:

Shareholders	Percentage of Ownership	Percentage of indirect ownership in Aljazira Takaful
Youssef bin Othman Abdullah Al Qasabi	60%	3%
Tarek bin Othman Abdullah Al Qasabi	22.5%	1.125%
Rizm Company Limited	17.5%	0.875%
Total	100%	5%

4-3-5-1 Rizm Company Limited

Rozam Company Limited was established in 2008G. as a limited liability company registered in the Kingdom of Saudi Arabia, commercial register No. (1010252635). The company capital is (500,000) five hundred thousand Saudi Riyal. The company undertakes the activity of purchasing land to construct buildings on and invest them through buying or leasing for the company; purchase and own properties for the company; manage, maintain and develop the property; own, manage, operate and maintain health establishments and utilities; retail trading in (medical and surgical equipment, prosthetic limbs, disability devices, and hospital needs); own, manage, operate and maintain educational establishments and utilities and retail trading in (educational equipment and schools and universities needs). Owns 17.5% in Al Qasabi Contracting Co. Limited Company (equivalent to 0.875% in Aljazira Takaful Ta'awuni). The following table provides the list of owners of Rozam Company Limited:

Shareholders	Percentage of Ownership	Percentage of indirect ownership in Aljazira Takaful
Tarek bin Othman bin Abdullah Al Qasabi	85%	0.7437%
Othman bin Tarek bin Othman bin Abdullah Al Qasabi	10%	0.0875%
Abdullah bin Tarek bin Othman bin Abdullah Al Qasabi	5%	0.0437%
Total	100%	0.875%

4-3-6 Khaled al-Baltan Group for Commercial Investment Company

Khaled al-Baltan Group for Commercial Investment Company was established in 2008G. as a limited liability company registered in the Kingdom of Saudi Arabia, commercial register No. (1010062846). The company capital is (2,000,000) two million Saudi Riyal. The company manages, maintains and operates training, educational and entertainment centres, as well as sports and commercial centres. Owns 5% in Aljazira Takaful Ta'awuni. The following table provides the list of owners of Khaled al-Baltan Company for Commercial Investment Limited:

Shareholders	Percentage of Ownership	Percentage of indirect ownership in Aljazira Takaful
Khaled bin Omar Al-Baltan	85%	4.25%
Haifaa Mohamed Al-Ghofaili	6%	0.3%
Alwalid bin Khaled Al-Baltan	2%	0.1%
Abdul Majeed bin Khaled Al-Baltan	2%	0.1%
Badr bin Khaled Al-Baltan	2%	0.1%
Ghaydaa bint Khaled Al-Baltan	1%	0.05%
Rima bint Khaled Al-Baltan	1%	0.05%
Joud bint Khaled Al-Baltan	1%	0.05%
Total	100%	5%

4-3-7 Al-Taj Regional Company for Development Limited

Al-Taj Regional Company for Development Limited was established in 2008G. as a limited liability company registered in the Kingdom of Saudi Arabia, commercial register No. (4030184568). The company capital is (500,000) five hundred thousand Saudi Riyal. The company undertakes the activity of purchasing land for the purpose of building on those plots and investing them by buying, selling and leasing for the company; manage, maintain and develop properties; operate buildings for the company; general contracting of buildings (construction, repair, demolition and restoration); commercial activities such as third party marketing, testing and inspection services and distribution agents; and trade agencies. Owns 5% in Aljazira Takaful Ta'awuni. The following table provides the list of owners of Al-Taj Regional Company for Development Limited:

Shareholders	Percentage of Ownership	Percentage of indirect ownership in Aljazira Takaful
Saleh Abdullah Kamel	90%	4.5%
AbdulElah Abdul Rahim Sabahi	10%	0.5%
Total	100%	5%

4-3-8 Al Fawasel Regional Investment Company Limited

Al Fawasel Regional Investment Company Limited was established in 2008 as a limited liability company registered in the Kingdom of Saudi Arabia, commercial register No. (4030184567). The company capital is (500,000) five hundred thousand Saudi Riyal. The company undertakes the activity of purchasing land for the purpose of building on them and investing them by buying, selling and leasing for the company; manage, maintain and develop properties; operate buildings for the company; general contracting of buildings (construction, repair, demolition and restoration); commercial activities such as third party marketing, testing and inspection services and distribution agents; and trade agencies. Owns 5% in Aljazira Takaful Ta'awuni. The following table provides the list of owners of Al Fawasel Regional Investment Company Limited:

Shareholders	Percentage of Ownership	Percentage of indirect ownership in Aljazira Takaful
Mohiel Din Saleh Abdullah Kamel	90%	4.5%
Abdul Aziz Mohamed Abdo Yamani	10%	0.5%
Total	100%	5%

4.3.9 Sukuk Regional Investment Company Limited

Sukuk Regional Investment Company Limited was established in 2008 as a limited liability company registered in the Kingdom of Saudi Arabia, commercial register No. (4030184566). The company capital is (500,000) five hundred thousand Saudi Riyal. The company undertakes the activity of purchasing land for the purpose of building on them and investing them by buying, selling and leasing for the company; manage, maintain and develop properties; operate buildings for the company; general contracting of buildings (construction, repair, demolition and restoration); commercial activities such as third party marketing, testing and inspection services and distribution agents; and trade agencies. Also, it owns 5% in Aljazira Takaful Ta'awuni. The following table provides the list of owners of Sukuk Regional Investment Company Limited:

Shareholders	Percentage of Ownership	Percentage of indirect ownership in Aljazira Takaful
Abdullah Saleh Abdullah Kamel	90%	4.5%
Abdullah Mohamed Abdo Yamani	10%	0.5%
Total	100%	5%

4-4 Direct and Indirect Interests of the Board Members and Principal Persons in the Company

Mr. Abdul Majeed Ibrahim Abdul Mohsen Al-Sultan owns 20% of Ittihad Al Ikhwa Development Company, which in turn owns 5% of the company shares, and 6.5% of Bank Aljazira shares, which in turn owns 30% of the company shares. Mr. Abdul Majeed Al-Sultan also owns 0.0025% of Aljazira Capital Company shares directly, which means that Mr. Abdul Majeed Ibrahim Abdul Mohsen Al-Sultan has indirect interest estimated at 1.46% in the company. None of the other board members, executive directors, board secretary or any other relatives have any direct or indirect interest in the company up to the date of preparing this prospectus.

4-5 Vision of the Company

We will be the market leader Shariah compliant insurance operator in the Mid-East region, offering innovative protection and savings solutions for targeted segments.

We are committed to service excellence and creation of maximum value to all stake holders.

4-6 Strategy

Aljazira Takaful Ta'wuni company adopts a strategy that depends on the following elements:

1. Develop innovative and diversified insurance products that exceed the aspiration of the targeted segment, serving the needs of society including individuals public and private sectors establishments.
2. Provide a high quality service that fit the company aspirations and meet the requirements of the client.
3. High level risk management capabilities through investing in technology and applying best practices.
4. Attract, develop and motivate experienced employees.
5. Increase the effectiveness of the company operations to guarantee achieving the highest return on the resources used

4-7 Competitive Advantages

After the complete incorporation of the company, the company shall enjoy the following competitive advantages:

4-7-1 Leading name in the field of security and saving

Although the company is under incorporation, yet it has a renowned name in the local market through its work under the umbrella of Bank Aljazira over the past ten years, where it was able to win the trust of client and build a strong base at the level of individuals and companies. Also the market share of the Aljazeera Bank has reached 25.7% at the end of year 2011G of the total insurance premiums subscribed in the protection and saving program at the Kingdom. It is considered a pioneer in providing protection and saving solution and has won several global prizes including:

- Best Takaful Company in the Middle East Prize for 2011G.
- Best Global Takaful Company Prize for 2010G.
- Euromoney Prize for Best Provider of Takaful Program for 2006G. and 2008G.
- Policy Insurance in the Middle East Prize for best provider of life insurance for the years 2007G., 2008G. and 2009G.
- Cliff Prize for Best Provider of Takaful Program for 2007G.
- Islamic Funding Magazine Prize for Best Takaful Provider 2004G.

4-7-2 Extensive experience in the local market

The company has extensive experience in determining extensive knowledge of the needs of the various client segments sectors with respect to the insurance products and have full knowledge of the market which will contribute to establish its position status in the local market..

4-7-3 Long experience in developing products

Based on its comprehensive knowledge of the society needs, Bank Aljazira Takaful Ta'awuni occupied a leading position in determining and meeting these needs through presenting diversified programs that exceed the expectations of the clients, achieving leadership in local and global markets.

4-7-4 Wide Distribution Network

The company enjoys widespread a strong spread in its network of branches covering the main areas in the Kingdom, and is managed by specialised Saudi employees in marketing Cadres to market protection and saving products.

4-7-5 Solid Experience in Evaluating Subscription Risks

The company has wide technical experience in the field of underwriting subscription through its strategic partnership with the strongest re-insurance companies over the past years under the umbrella of Bank Aljazira, which supports its competitive position status and ability to evaluate underwriting subscription risks in the future.

4-7-6 Approved International Testing Centre

The Takaful Ta'awuni Division Ta'awuni Department at Bank Aljazira have continued to exert its efforts to fully understand the needs of the local market of qualified resources cadres in the insurance field, out of and from this context point, it took on its shoulders the responsibility of developing the Saudi resources national cadres in this field, depending therein on the trust it had acquired at international entities providing training services in the insurance field in the past years, with the Takaful Ta'awuni Department becoming the first accredited centre to offer (LOMA) Examinations in the Kingdom of Saudi Arabia and the only accredited centre at (SOI) to offer actuaries exams in the Kingdom, which will support the company's competitive strength in the future..

5 Main Activities

The company intends to exercise cooperative insurance activity in the protection and saving sector in compliance with the provisions of Islamic Sharia, in accordance with the Cooperative Insurance Companies Control Law issued by Royal Decree No. M/32 on 02/06/1424H, and there is no intention currently to change the activity. After its complete incorporation, the company will apply to the Saudi Arabian Monetary Agency for the necessary licenses to provide the following products:

Retirement Plan: It is a protection and saving plan for individuals that provides the participant with the necessary financial needs upon retirement. It also provides financial protection in the event of disability, death or critical illness during the course of the contract God forbid.

Education Plan: It is a protection and saving plan for individuals that provides the participant with the necessary educational costs for his children. It also provides financial protection in addition to the children's ongoing benefit from the program advantages in the event of disability, death or critical illness during the course of the contract, God forbid.

Marriage Plan: It is a protection and saving plan for individuals that provides the participant with the necessary expenses for his children marriage, it also provides financial protection with the children's continued benefit from the program advantages in the event of the subscriber's disability, death or critical illness during the course of the contract, God forbid.

Individuals Protection Plan: It is a protection plan for individuals that provides financial protection in the event of disability, death or critical illness during the course of the contract God forbid.

Group Protection Plan for Public and Private Sectors Employees: It is a protection plan provided to public and private sectors that provides financial protection in case of the employee death, disability or critical illness during the course of the contract God forbid.

Group Credit Plan: A protection plan offered to financing entities that provides them with financial protection in case of the borrower's death during his contract with them.

With respect to the new programs, the company has set a mechanism to develop and approve products under the supervision of a committee comprised for that purpose, that meets regularly to review the new proposed programs and re-evaluate the current programs. This committee will include actuarial and product development experiences in addition to representatives from the compliance, risks and marketing department and the Sharia'a Board. The company also developed a working mechanism to organize the works of this committee and govern its performance.

6 Main Divisions

6-1 Human Resources Division

The human resources department plays a vital role in providing a dynamic and productive work environment that is a catalyst for success in the company through the effective communication between the company management and employees and explaining the company vision, mission, strategy and objectives. The human resources department also plays a main role in determining the occupational objectives and descriptions, performance standards for company employees, monitor achievements, and reward distinguished performance, in addition to its role in attracting distinctive competencies and work on maintaining and motivating them, as well as the continued development of company employees through setting continuous training and development plans aiming to develop employees' skills, assist them in performing their duties with high efficiency, and enable those with high abilities to shoulder higher responsibilities and promote inside the Company.

6-2 Operations Division

The operations department is concerned with managing the technical activities of the company from various aspects, it includes:

The actuarial services department which covers products development, determining technical reserves and retention rates and periodic reviews of products according to the standards of the Saudi Arabian Monetary Agency),

Underwriting department which is responsible for assessing and accepting insurance risks and determining the levels of the risks that can be tolerated according to the best practices applied globally for the purpose of maintaining the profitability of the participant's fund and the profitability of the company.

Claims department which is responsible for implementing the conditions of insurance contracts when the covered risk occurs to guarantee that the participants and beneficiaries receive their rights, and at the same time protect the participant's funds from invalid claims.

Contract Management Department providing after sale services to the clients such as handling various requests and maintaining the relationship with them throughout the term of the contract.

Information Technology Department responsible for all technology services in the company including the management of the networks and the management of the various company systems, in addition to providing electronic services to the various departments of the company such as printing, archiving and filing of information, and the constant development of company systems through providing new versions and systems that comply with the future plans and needs of the company.

Logistic Department that provide and supply the various branches and divisions of the company with all administrative needs, stationary. It also manage contractual needs with external service providers which guarantees the best environment suitable for completing the tasks of the various divisions.

6-3 Finance Division

The finance division plays a vital role in achieving the company's objectives beginning with planning and setting strategies and the financial systems that contribute primarily to forecast the future of the company, all the way to successful investment, which is considered a main element in the success of the insurance company ending with preparing the financial statements that show the outcomes of the business and cash flows, in accordance with the international accounting standards.

6-4 Internal Audit Division

Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve the company's operations. It helps the company accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes

6-5 Risks Division

The risks division plays a main role in setting a comprehensive strategy that guarantees defining potential risks that could prevent the company from achieving its objectives and limit these risks within ATT's the risk management framework in compliance with the laws that govern the work of the company.

The risks division also prepares and reviews the various company policies and procedures, and confirm that they contain adequate controls to manage potential risks and provide the necessary support and training to risks coordinators in all divisions as needed.

The risks division keeps a master updated risk register and notifies of the potential and actual losses (if any) through preparing periodic reports and submitting them to the risks committee, senior management and the executive committee.

6-6 Distribution Development Division

The distribution channels division works on achieving the strategic objectives of the company through developing, implementing and supervision of practical sales plans that aim at achieving growth from the sales of individual and corporate products depending on a specialized and qualified team working through the various distribution channels spread in areas of the Kingdom of Saudi Arabia in compliance with the company strategy for geographic spread and the budget requirements for each phase.

6-7 Quality and Business Intelligence Division

The centralized information division in the company, issues the periodic reports necessary to follow-up on the activities of the various departments of the company in addition to determining, measuring and following-up on the performance of these departments and submitting performance reports to the senior management. This division designs incentive programs for the sales force that guarantee the continued service quality provided through setting quality control standards to meet clients expectations. The quality and business Intelligence Development division also works on supporting the sales department through transferring the sales leads received by the and issued from call centre to the sales team to serve prospective clients. The division also supervises the call centre which is considered a service centre over the phone to providing the various services without the need for the client to visit the branch.

The duties of Division undertakes as well the marketing department also undertakes marketing duties through setting market up marketing plans based on marketing researches that defines determine the needs of the sector targeted by segments including the products and services provided submitted by the Company and coordinate, as well as coordinating with the Sales department Administration and other related departments relevant administrations to determine how to present launch and market these promote such products and services on the market through studied deliberate promotional and advertising and marketing campaigns through the written, audio via read, heard and visual seen communication channels, and the world wide web Websites. The department Division also monitorssupervises the sales performance and measures customermeasure the level of clients' satisfaction of thefor services and products after offering the latter. launching them.

6-8 Compliance and Legal Affairs Division

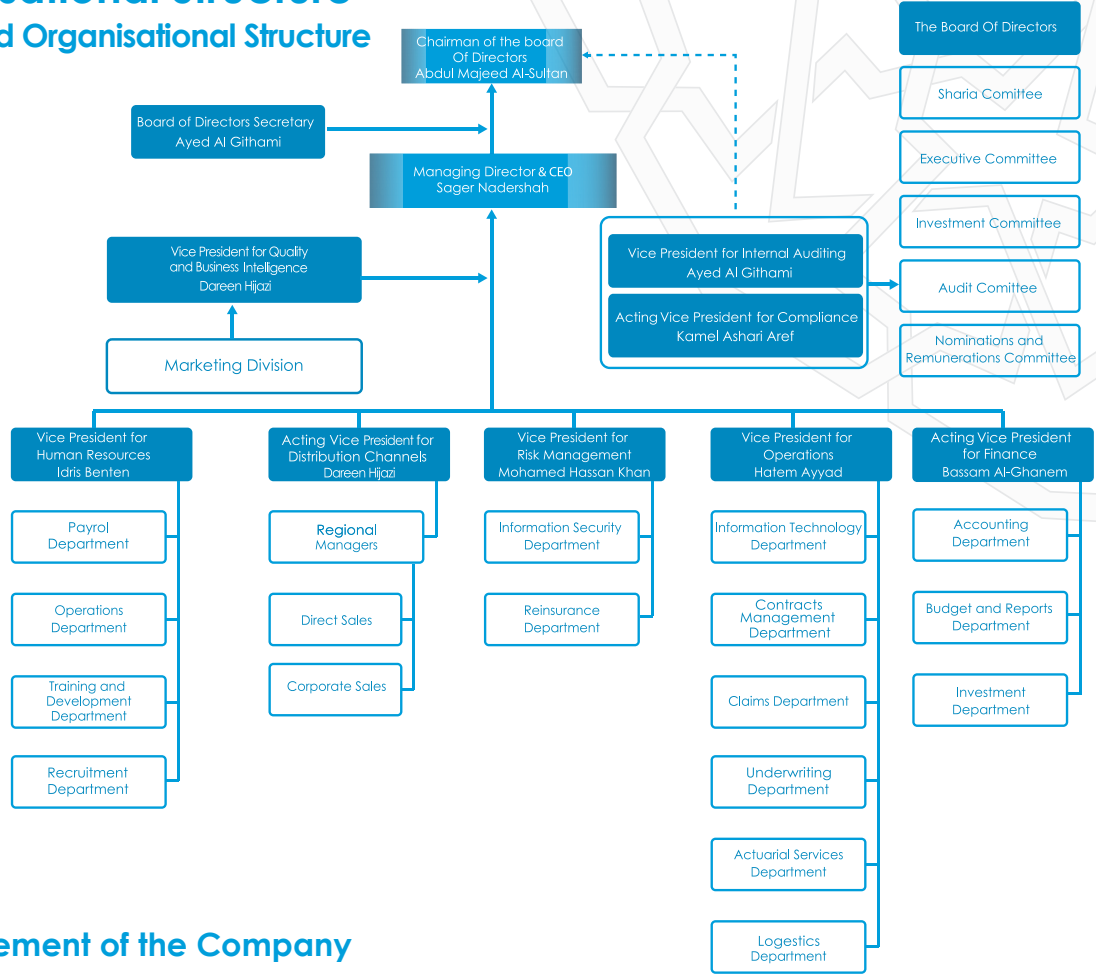
An independent supervisory division that functionally reports to the Audit committee and to the chairman of the board of directors administratively. The division is concerned with company's implementation of the regulatory rules and regulations and notify the Audit committee in the event of any violations or risks pertaining to company compliance and implementation of the rules and regulations issued by regulatory bodies in relation to the company performance and its relationship with shareholders, the market and the public. The department also undertakes the responsibilities and duties of the legal affairs of the company.

There is a group of employees currently working in Takaful Ta'awuni Group at Bank Aljazira, and those employees will be transferred to work at the various departments of the company. The following table shows the distribution of these employees on the main departments at the end of August 2012:

Department	Number of Saudi Employees	Number of Non-Saudi Employees	Total	Percentage of Saudisation
CEO Office	3	0	3	100%
Human Resources Division	9	0	9	100%
Operations Division	14	13	27	52%
Compliance and Legal Affairs Division	1	0	1	100%
Internal Audit Division	1	0	1	100%
Quality and Business Intelligence Division	3	1	4	75%
Finance Division	1	3	4	25%
Distribution Channels	53	1	54	98%
Risk Management	0	1	1	0%
Total	85	19	104	82%

7 Organisational Structure

7-1 Proposed Organisational Structure



7-2 Management of the Company

7-2-1 Nominated Board of Directors

The company shall be managed by a board of directors comprised of five (5) members appointed by the ordinary general assembly. The board of directors is comprised of members with competence and wide experience in the fields of management, investment and financial services.

The board of directors shall appoint the subcommittees, including the executive committee, the audit committee, and the remuneration and nomination committee. These committees will support the board of directors in following-up the activities of the company and provide the company management with the necessary directions and instructions. The committees shall hold regular meetings and submit their reports to the board of directors.

The main responsibility of the board of directors is to ensure the continued success of the company on the long-term. This includes the following:

- Selection, compensation and supervision, and when needed, substitute the high management and other executive directors in the company, as well as plan the replacement process in the company.
- Provide direction in all company affairs, review its strategy, risks management policies, financial planning, annual budget and business plans as recommended by the company management.
- Set performance objectives.
- Review the main capital expenses.
- Monitor and manage potential conflict of interests between the members of the high management, the board of directors and shareholders.
- Affirm the accuracy of the financial and internal accounting procedures in the company, including supporting the auditing processes and independent review.
- Affirm the competency of the internal control system, and the efficiency of preparing financial statements, provide assistance to external auditing entities and ensure the implementation of appropriate internal control systems, specifically the systems pertaining to risks management, automated controls and the implementation of related rules and regulations.
- Supervise public disclosure and communications.

The following is a list of the names of nominated members of the board of directors:

	Name	Nationality	Age	Position	Representation	Direct Ownership	Indirect Ownership	Total	Independence	Executive
1	Abdul Majeed Ibrahim Abdul Mohsen Al-Sultan	Saudi	47	Chairman of the Board of Directors	Ittihad Al Ikhwa Development Company	-	1.45506%	1.45506%	Non-Independent	Non-Executive
2	Zaid Tarek Abdullah Aba Alkail	Saudi	50	Member	Aljazira Capital	-	-	-	Non-Independent	Non-Executive
3	Sager Abdul Latif Nadershah	Saudi	47	Managing Director	Bank Aljazira	-	-	-	Non-Independent	Executive
4	Abdullatif bin Mohamed bin Abdul Aziz Bin Ghaiith	Saudi	67	Member	Public	-	-	-	Independent	Non-Executive
5	Saad Ibrahim Saad Al-Mushaweh	Saudi	51	Member	Public	-	-	-	Independent	Non-Executive

The following is a summary about all the nominees for the membership of the board of directors and its affiliate committees:

7-2-1-1 Abdul Majeed Ibrahim Abdul Mohsen Al-Sultan (Saudi - 47 years old) Nominated Chairman of the Board

Engineer Abdul Majeed bin Ibrahim Al-Sultan holds a Bachelor Degree in Petroleum Engineering from King Saud University in 1410H (1990G), started his professional career as a Corporate Accounts Manager at the National Commercial Bank, a job that he held till 1992, when he moved to work as a General Manager at the Construction Facilities Company, where he continued to work till 1999, in addition to being the Executive Director of Ittihad Al Ikhwa Development Company since 1994 till the date of this prospectus.

Engineer Abdul Majeed Al-Sultan currently holds several leadership positions, including the membership of the board of directors of Ittihad Al Ikhwa, a limited liability company that works in the field of diversified investment since 1994G, Qassim Cement (public joint stock company) since 1997G, Bank Aljazira (public joint stock company) since 2004G. and Awlat Company, a limited liability company working in the real estate sector since 2008G.

7-2-1-2 Zaid Tarek Abdullah Aba Alkail (Saudi - 50 years old)

Nominated Member of the Board

Mr. Ziad Tarek Aba Alkhail is a graduate of the University of Southern California specialised in Civil Engineering in 1986G.

Mr. Ziad Aba Alkhail worked as a Senior Advisor at Andersen Consulting Company for 5 years as of 1986G., and joined Bank Aljazira in 1994G. as Head of Operations then the Head of Centralized Operations Group of the Bank from 1996G. to 2001G., where he was promoted to the post of Assistant General Manager for Operations and Technology, and then he became the Head of the Operations and Technology Group of the Bank in 2005G.. In 2007G., he was appointed as Acting Chief Executive Officer of Bank Aljazira, in 2008G. he was appointed as Deputy Chief Executive officer of the same bank, in addition to the post of the Acting Chief Executive Officer and Board member in Aljazira Capital Company, in 2009G. he was reappointed as Acting Chief Executive Officer of the Bank and continued as Acting Chief Executive Officer and Board member of Aljazira Capital Company until 2010G., when he was appointed as Chief Executive Officer of Aljazira Capital Company (closed shareholding), and continued his membership at its board of director to date.

7-2-1-3 Sager Abdul Latif Nadershah (Saudi - 47 years old)

Nominated Board Member – Chief Executive Officer and Managing Director

Mr. Sager Abdul Latif Nadershah, holds a Bachelor Degree in Criminal Law from US Bethune-Cookman University in 1988G.

After his graduation he joined the Credit Group of the Saudi American Bank and promoted Assistant General Manager in 1996G., then he moved to the National Commercial Bank where he worked for ten years holding several leadership positions including General Director of Credit Card Marketing , Head of the Sales and Customer Relations, and then Regional Manager for the Western Region at the Retail Islamic Banking Group.

In 2006G, Mr. Sager Nadershah moved to Al-Mashreq Bank in UAE holding the post of Vice President for Branches and Private Banking. He continued working for Al-Mashreq Bank till the end of 2007G., when he moved to Bank Aljazira in the post of General Manager for Retail Banking Group, he worked at the bank for four years to be appointed as Chief Executive Officer and Managing Director of Aljazira Takaful Ta'awuni Company in the second quarter of 2011G.

Mr. Sager Nadershah worked as a board member of the Saudi Travellers Cheque Company (closed joint stock) in the period from 2008G. to 2011G. He is a board member of Makeen Capital since November 2012G.

7-2-1-4 Abdul Latif Bin Mohamed Bin Abdul Aziz Bin Ghaith (Saudi - 67 years old)

Nominated Member of the Board

Dr. Abdul Latif Bin Mohamed Bin Abdul Aziz Bin Ghaith received a Bachelor Degree in Science from the US West Washington State University in 1974G., a Masters Degree in Science from the US Washington - Seattle University in 1981G. and a Doctorate Degree in Science from the US Arizona University in 1987G.

Dr. Abdul Latif Bin Ghaith worked as lecturer at King Saud University in the period from 1975G. to 1993G. then he held the post of general manager of the Institute of Banking where he continued till 2002G and moved to work as a general manager at SMSA company (FedEx Agent) till 2007G. Dr. Abdul Latif Bin Ghaith currently runs Al-Ghaith Office for Educational Consulting since 2007G. in addition to being the Chief Executive Officer at Tatweer Education Holding Company since 2010G.

He is a board member in the Educational Transportation Services Company and Educational Services Development Company, both are limited liability companies working in the education sector.

7-2-1-5 Saad Ibrahim Saad Al-Mushawah (Saudi - 51 years old)

Nominated Member of the Board

Mr. Saad bin Ibrahim Saad Al-Mushawah received his Bachelor Degree in Industrial Management from King Fahd University for Petroleum and Minerals in 1985G. and completed a specialised financial course on financial analysis at Chase Manhattan Bank in 1987G. He also received a Degree in Economic Assessment from the US Harvard University in 1993G.

Mr. Saad Al-Mushawah worked at the Saudi Industrial Development Fund during the period from 1985G. to 2003G. as the Head of Lending Team, responsible for several sectors that included the chemical and petrochemical industries, plastic, cement, iron, insulating materials, and food industries, as well as insulated and non-insulated textiles industry and other industrial sectors. He headed the team assigned to establish Kafalah program for small and medium loans, and supervised field studies, the preparation of economic studies, setting the organisational, policies and administrative procedures frameworks in addition to acquiring the necessary approvals from the Ministry of Finance and related entities. He currently works as a General Manager for Gulf Union Foods Company, a closed joint stock company working in the field of food industries since 2003G., in addition to being a member of its board of directors as well as a member of the audit committee of Qassim Cement Company (public joint stock) since 2010G.

7-2-2 Top Management of the Company

The company shall work to perform its duties with a highly qualified team with extensive experience in the field of insurance and financial services. These characteristics and experiences are considered basic in providing inventive services and solutions to subscribers.

Title	Name	Nationality	Age	Percentage of ownership in the company
Managing Director	Sager Abdul Latif Nadershah	Saudi	47	-
Vice President - Internal Audit- Board of Directors Secretary	Ayed Matar Al-Githami	Saudi	43	-
Vice President- Business Intelligence Acting Vice President –Distribution Channels	Dareen Abdul Aziz Hijazi	Saudi	33	-
Vice President - Human Resources	Idris Jameil Benten	Saudi	50	-
Vice President - Risk Management	Mohamed Hassan Khan	Indian	33	-
Vice President - Operations	Hatem Fransis Ayyad	Canadian	43	-
Acting Vice President – Compliance	Kamel Ashari Aref	Saudi	46	-
Acting Vice President - Finance	Bassam Salman Al-Ghanem	Saudi	37	-

The following is a brief summary about some of the executive officials at the company:

7-2-2-1 Sager Abdul Latif Nadershah (Saudi - 47 years old)

Nominated Board Member – Chief Executive Officer and Managing Director

Kindly refer to the Board Members Section

7-2-2-2 Ayed Matar Al-Githami (Saudi - 43 years old)

Vice President - Internal Audit and Board of Directors Secretary

Mr. Ayed Al-Githami is holder of Associate Diploma in Insurance Regulatory Compliance (AIRC) from the Life Office Management Association (LOMA) in November 2008G.

He has more than 17 years of experience in the field of internal auditing, compliance, risk management and branch management in several Saudi banks. He worked as an internal auditor at the National Commercial Bank from 1995, then audit team leader in 1999G., and then branch manager in 2003G. He moved after that to the National Arab Bank in 2005G. as an Assistant Manager for Internal Auditing, then as a Compliance Officer at the Banque Saudi Fransi in 2006G. Ayed Al Githami joined the Takaful Ta'awuni Group at Bank Aljazira in mid 2006G. as a compliance and internal audit manager and then compliance and risks manager in 2008G. till he was appointed vice president of the internal audit division in 2011G, In addition of his position as a board of directors secretary in 2013.

7-2-2-3 Dareen Abdul Aziz Hijazi (Saudi - 33 years old)

Vice President - Business intelligence, and acting Vice President for Distribution Channels

Mrs. Dareen Abdul Aziz Hijazi received her Bachelor Degree in Computer Science from Suffolk University of Boston Massachusetts, United States of America in 2003G., and is currently preparing her executive masters degree in business administration from City University in UK.

Mrs. Dareen Hijazi worked at Procter & Gamble from 2004G. to 2006G. as a products planner and coordinator and joined Bank Aljazira in 2007G. as a systems analyst in the Retail Banking Group, then an assistant manager of information systems analysis in 2009G., then senior manager for branches support and sales performance development in 2010G., where she applied the balanced score card mechanism to measure the performance of the sales team for the first time in Bank Aljazira. She continued working for Bank Aljazira for four years till she moved to the Al Jazira Takaful Ta'awuni in the post of vice president of the business intelligence in 2011G.

7-2-2-4 Idris Jamil Bantan (Saudi - 50 years old)

Vice President - Human Resources

Mr. Idris Bantan holds a Bachelor Degree in Business Administration with minor in Marketing from Tampa College, the United States in 1987G.

Mr. Idris Bantan worked as a estate administrator in the international airport projects department in 1981G. He joined Whinney Murray Company as an auditor in 1989G. He worked as a policies and procedures specialist in personnel affairs, and then as the head of the Payroll department at the Saudi Supplies Company in 1991G. He joined Arab Unilever Company in 1996G. as a personnel affairs manager, then as a general manager for human resources at Savola Company in 1998G., till he moved to the Arabian Cement Company in 2000G. where he worked as the head of human resources. In 2004G., he joined AMS Baeshen as a human resources and administrative services manager. He then worked as a department manager in the human resources group in Bank Aljazira from 2005G. to 2008G., when he moved to Al-Nahdi Medical Company as an organisational development and human resources manager till he joined Al Jazira Takaful Ta'awuni in 2010G as vice president - human resources, He is currently the Vice President of Human Resources Management .

7-2-2-5 Hatem Francis Ayyad (Canadian - 43 years old)

Vice President - Operations

Mr. Hatem Ayyad received his Bachelor Degree in Economics from Carlton University in Canada in 1993G., and a Masters Degree in Economics from West Ontario University in Canada in 1996G., after that he worked as head of the corporate finance department at Abou Khedr Car Company in Jordan till 2001G., when he joined the banking sector as an operations head at Bank Al Etihad in Jordan, and then he moved to Societe Generale Bank, Jordan Branch where he worked as a project manager till 2004G.

Mr. Hatem Ayyad joined Bank Aljazira in 2005G., and worked as head alternative distribution channels in the Retail Banking Group where he continued to work till 2011G., after which he moved to Al Jazira Takaful Ta'awuni as vice president Operations.

7-2-2-6 Kamel Ashari Aref (Saudi- 46 years)

Mr. Kamel Ashri Aref is a graduate of the Saudisation programs organised by Jeddah Chamber of Commerce in 1995G., where he finished a two-year training program designed for National Commercial Bank in cooperation with Carrier Craft Company to qualify Saudis in the field of internal auditing.

Mr. Kamel Aref has more than 18 years of experience in the field of internal auditing and compliance. He worked as an internal auditor at the National Commercial Bank from 1995 till 2009, then he joined the Takaful Ta'awuni Department at Bank Aljazira as a compliance manager and then he was appointed as vice president for the compliance division in 2013.

7-2-2-7 Bassam Salman Al-Ghanem (Saudi - 37 years old)

Acting Vice President - Finance

Mr. Bassam Al-Ghanem graduated from Panjab University in Bahrain, Business Administration Department in 2003G.

He started his professional career as a sales consultant at Al-Zahed Tractors Company in 2003G., then he worked at Ajel Financial Services Company as a Credit Official for tractors Sales in the Western Region from 2006G. to 2009G.

Mr. Bassam Al-Ghanem joined Bank Aljazira, Takaful Ta'awuni Group as a financial officer in 2009G., till he was appointed as acting Vice President – Finance in 2012G.

7-2-2-8 Mohamed Hassan Khan (Indian - 33 years old)

Vice President - Risk Management

Holds a Bachelor Degree from the Faculty of Commerce, Kakatiya University, India in 1999G., a Diploma in Banking and Insurance Management from the Indian Institute for Management and Technology in 2006G. He holds also a Diploma in Islamic Banking from IIBI in 2008G., and an ITIL V3 Computer Services Management Basics from Britain in 2010G.

Mr. Mohamed Hassan Khan has ten years of experience in insurance and banking operations and risks management. He held the post of deputy branch manager at Aviva Insurance Company in India in the period from 2002G. to 2006G. He also worked as an operations manager at Salama Insurance Company in Dubai in the period from 2006G to 2007G. He also worked as a regional manager of the computer center at HSBC Insurance in Dubai from 2009G to 2010G. He then worked as the head of risks management at SABB Takaful Company from 2010G to 2011G. He joined Al Jazira Takaful Ta'awuni in 2012G as the Vice President for Risk Management.

7-3 Corporate Governance

The company abide by all terms of the Corporate Governance Regulations issued by the Capital Market Authority, especially the current and future obligatory terms. The company believes that effective governance is considered the basis for maintaining a high level of transparency and disclosure, and thus realize the best interests of the shareholders and presenting a clear and fair image of the company's financial position and operations outcomes.

The company has a clear segregation of responsibilities between the board of directors and the executive management, and within the framework of maintaining the international best practices and the requirements of the Corporate Governance Regulations, the company shall have two of the board members as independent and non-executive, the top management of the company, which is subject to directions from the chairman of the board shall be comprised of a team with good experience and competence that will be granted sufficient executive authority for the purpose of managing the company effectively within the framework of the directives set by the Chairman of the Board and the Executive Committee.

The company set good systems and internal control processes and established an internal audit division with professionals to conduct independent audits at all levels of the company. The External Auditors of the company shall also submit annual reports to the board of directors in addition to the annual management letter, and will not provide other services in any other context.

The following is a summary of the proposed company governance framework:

Shareholders General Assembly: Shareholders shall be notified of all the basic developments within the company through an open communication channel, where periodic financial performance reports shall be submitted and the shareholders who do not represent companies or establishments shall be encouraged to participate in the annual general assembly of the company.

The Board of Directors: There will be a board of directors that is fully responsible for managing the affairs of the company in order to provide effective leadership and maintain a good system of internal supervision to protect the interests of the company shareholders.

Independent Non-Executive Members: For the purpose of more development of the governance structure, two independent members shall be appointed to represent the shareholders from the public, independent members shall mean the members who enjoy full independence so that:

- They do not own what is equal to five percent or more of the shares of the company or any company in its group.
- Does not represent any legal entity that owns five percent or more of the shares of the company or any company in its group.
- Has not been a senior executive during the past two years in the company or in any company in its group.
- Is not a relative of the first degree to any of the board members in the company or in any company in its group.
- Is not a relative of the first degree to any of the senior executives in the company or in any company in its group.
- Not a board member in any company among the company group he is nominated for its board membership.
- Has not been an employee during the past two years of any of the related parties to the company or to any company in its group such as external auditors, and not to be an owner of controlling shares at any of these parties during the past two years.

Chairman and Managing Director: Clear strategies shall be set regarding sharing the responsibility between the Chairman and the Managing Director for the purpose of guaranteeing a balanced partnership in authority and competence in a way that complies with the laws and regulations in force in the Kingdom.

Board Balance: Most members of the board shall be non-executive members in order to provide objectivity and balance in the decision making process by the board of directors.

Providing Financial and Other Information: The board of directors shall be responsible for providing the shareholders with a real and fair image of the financial performance of the company, there will also be a mechanism to guarantee the receipt by the board of directors of the appropriate information at the appropriate time to enable it to perform its duties effectively.

Board of Directors Committees: The board of directors shall have committees to enable it to better manage the company.

7-3-1 Audit Committee

An audit committee with a minimum of (3) three and a maximum of (5) five members shall be appointed by the board of directors of the company, and at least one member of the auditing committee shall have experience in accounting and financial matters. The general assembly of the company, as suggested by the board of directors, shall issue the rules for selecting the members of the audit committee in its final format, which shall determine their term of membership and the work mechanism of the committee. Each of Mr. Saad bin Ibrahim Al-Moshawah, Mr. Khaled bin Mohammed Al-Solie' and Mr. Rizwan Shakoor were nominated for the membership of the Audit committee for the period immediately following the incorporation of the company. This committee shall begin its work following the company incorporation.

The background of Mr. Saad bin Ibrahim Al-Moshawah was mentioned in the section on the board members. The following is a summary about each of Mr. Khaled Al-Solie' and Mr. Rizwan Shakoor:

7-3-1-1 Khaled bin Mohammed Al-Solie' (Saudi - 50 years old)

Mr. Khaled bin Mohammed Al-Solie' holds a Bachelor Degree in Accounting from King Saud University in 1983G., followed by a Diploma from the Economic Institute in Colorado, the United States in 1985G. He is a member of the American Institute of Certified Public Accountants "AICPA" and a fellow member of the Association of Certified Fraud Examiners "ACFE".

Mr. Khaled Al-Solie' works at the Saudi Telecommunications Company as a Chief Internal Auditor of the Group since 2005G, he is also a member of the audit committee at Eastern Cement Company since 2002G., Al-Elm Company for Information Security since 2009G., Banque Saudi Fransi from 2010G. to 2011G., Al-Shoeiba Company for Water and Electricity since 2007G., Al-Dereis Company since 2009 and the National Commercial Bank since 2011G.

7-3-1-2 Rizwan Shakoor (Pakistani - 46 years old)

Mr. Rizwan Shakoor holds a Bachelor Degree in Commerce from Karatchi University, Pakistan in 1985G., and is a member in the Association of Certified Public Accountants in Pakistan. He works as a Chief Financial officer at Bank Aljazira since 2010G.

The charter of the audit committee shall be reviewed annually by the board of directors, after issuing a recommendation by the committee. The audit committee shall be responsible for the following:

- Supervise the internal audit division at the company for the purpose of verifying its efficiency in implementing the works and the duties specified for it by the board of directors.
- Review the internal control system and submit a written report on its opinion and recommendations thereon
- Review the internal auditing reports and follow-up the implementation of the corrective actions of the comments mentioned therein
- Recommend to the board of directors to appoint and fire external auditors, determine their fees and take into account when recommending appointment to affirm their independence
- Follow-up the works of external auditors and approve any work outside the scope of the work they are assigned to do while performing audit work
- Review the audit plan with the chartered accountant and comment thereon
- Review the comments of the external auditors on the financial statements and follow-up what has been done about the same
- Review the annual financial statements before presenting them to the board of directors and give an opinion and recommendation thereon
- Review the accounting policies followed and give an opinion and recommendation about them to the board of directors

7-3-2 Remuneration and Nomination Committee

The board of directors shall appoint a remuneration and nomination committee that works according to the system approved by the board of directors. The general assembly of the company shall issue the rules for selecting the chairman and members of the committee, their membership term and work mechanism as proposed by the board of directors.

Each of Mr. Ziad bin Tarek Aba Alkhail, Mr. Tarek bin Abdulrahman Al-Shebily, and Dr. Abdul Latif bin Mohamed bin Ghaith were nominated for the membership of the remuneration and nomination in the period immediately following the incorporation of the company. This committee will begin its work after the incorporation of the company.

The background of Mr. Ziad bin Tarek Aba Alkhail and Dr. Abdul Latif bin Mohamed bin Ghaith were mentioned in the section on the board members. The following is a summary on Mr. Tarek Abdulrahman Al-Shebily:

Tarek Abdulrahman Al-Shebily (Saudi - 52 years old)

Mr. Tarek Al-Shebily holds a Bachelor Degree in International Business Administration from Ohio State University in the US in 1981G. He has worked for twelve years (1982 - 1994) at Aramco Company, where he has held several leadership positions the last of which was at SAMARIC Company as a General Manager for Recruitment and Human Capital Planning. He then worked at Al-Mawared Holding Company in the period between 1996 and 1997 as an Executive Assistant to the Deputy Chairman of the Board. In the period from 1997 till 2008G., he held several positions at the Saudi British Bank, the last of which was the General Manager of Human Resources at the Bank in Riyadh, where he was responsible for around three thousand employees at the bank, cooperative insurance company, and the insurance brokers company that the bank introduced. He was also responsible for recruitment and training services, and setting human resources strategies to keep up with the expected changes and find appropriate solutions for them. Worked at Tadawul (Saudi Stock Exchange) as a general manager of human resources before moving to his current position as vice president of human resources at Bank Aljazira in 2010G.

The statute of this committee is reviewed annually by the board of directors upon the recommendation of the committee. The committee shall be responsible for the following:

- Recommend the nomination to the membership of the board of directors, taking into account not to nominate any person who has been previously accused of any crime involving moral turpitude and honesty
- Annual review of the required needs of appropriate skills for the board membership, prepare a description of the required capabilities and qualifications for the membership of the board of directors including determining the time the member should allocate for the work of the board of directors
- Review the structure of the board of directors and submit recommendations about the changes that can be made
- Determine the points of weakness and strength in the board of directors, and propose addressing them in compliance with the interest of the company
- Annually affirm the independence of the independent members and the absence of any conflict of interests if the member was on the board of directors of another company
- Set clear policies for the remunerations of the board members and senior executives, and use performance linked standards in order to determine these remunerations.

7-3-3 Executive Committee

An executive committee with a minimum of (3) three and a maximum of (5) five members shall be appointed, and it shall be responsible for providing assistance to the chief executive officer in managing the company affairs. The Executive Committee shall be given all the authorities of the board of directors that can be assigned to such a committee in accordance with the company AoA and the laws in force.

Each of Mr. Abdul Majeed bin Ibrahim Al-Sultan, Mr. Sager bin Abdul Latif Nadershah and Mr. Ziad bin Tarek Aba Alkhail were nominated to the membership of the executive committee in the period that immediately follows the incorporation of the company. This committee shall begin its work after the incorporation of the company (kindly refer to the section on the board members to get a brief summary on the members of the executive committee).

7-3-4 Investment Committee

The board of directors shall form among its members an investment committee that is concerned with setting up and Supervision of the investment strategy of the company, evaluate its performance and take the appropriate corrective measures. The duties of the committee also include studying the appropriate investment alternatives and periodically report to the board of directors. Each of Mr. Abdul Majeed Ibrahim Abdul Mohsen Al-Sultan, Mr. Ziad Aba Alkhail and Mr. Sager Nadershah were nominated to the membership of the investment committee in the period that immediately follows the incorporation of the company. This committee shall begin its work after the incorporation of the company (kindly refer to the section on the board members to get a brief summary on the members of the investment committee).

7-3-5 Sharia Board:

The Sharia Board at Bank Aljazira had played a vital role in reviewing the Takaful Program since its launch in 2001G. The Sharia Board at the bank also performed periodic auditing and review processes of Takaful Ta'awuni Group over the past years, in addition to playing an important role in educating the public about the importance of the program and its benefits to the Saudi society.

In extension of this leading role, Aljazira Takaful Ta'awuni Company selected a group of contemporary Sharia scholars for the membership of its Sharia Board, who will be appointed after the incorporation of the company. The appointed members of the Sharia Board shall undertake the following duties and responsibilities:

- Approve the company products after affirming their compliance with the principles of Islamic Sharia
- Regular auditing and evaluation of the company products and services
- Give advice on the various matters referred to it by the company
- Support and spread the cooperative insurance culture among the members of the community

The following is a brief summary about each of the nominated members of the Sharia Board:

- **Sheikh Dr. Mohamed bin Ali Al-Qari (Saudi - 62 years old)**

Nominated Member of the Sharia Board

Holds a Doctorate Degree in Islamic Economics from the University of California in 1993G. A Professor of Islamic Economics and a former director of the Islamic Economics Research Centre at King Abdul Aziz University, expert at the International Islamic Fiqh (jurisprudence) Society at the Islamic Conference Organization, member of the Scientific Committee at Islamic Fiqh Society of Muslim World League, member of National Human Rights Association, member of the Standards Council, and member of the Jurisprudence Council of the Accounting and Auditing Authority of the Islamic Financial Institutions in Bahrain. Member of editorial board of the Islamic Economics Research Magazine, the magazine published by the International Society of Islamic Economics in London. Member of the editorial board of the Harvard Series on Islamic Law, Faculty of Law, Harvard University, United States. Member of the Sharia Council, International Sharia Research Academy (ISRA) Kuala Lumpur, Malaysia.

He is also a Sharia Board member in each of the National Commercial Bank, SAMBA, Saudi British Bank, Riyadh Bank, Saudi Investment Bank, Arab National Bank, Saudi Hollandi Bank, Banque Saudi Fransi, Bank Aljazira, Emirates International Bank and Muscat Bank in the Kingdom of Saudi Arabia, Falcom Financial Services Company, Nour Islamic Bank, Bank of Dubai, Al-Mashreq Bank, HSBC Bank, Tamwil Al-Amana, and AIG Takaful in the United Arab Emirates. As well as several other financial institutions around the world.

He is a lecturer on Islamic banks and Islamic funding, wrote several books and researches in Arabic and English on Islamic funding, and received the Islamic Development Bank Award in the field of Islamic Banks for 2004G.

- **Sheikh Dr. Youssif bin Abdullah Al-Shebily (Saudi - 40 years old)**

Nominated Member of the Sharia Board

He received his Masters Degree with Excellence, from Comparative Fiqh Department of the Higher Judicial Institute of Imam Mohamed bin Saud Islamic University in 1417H, he then received his Doctorate Degree with High Honours from the same University in 1422H.

Professor of Comparative Fiqh at the Higher Judicial Institute of, Associate Professor with the American Open University, Member of the Saudi Fiqh Society, Member of the Sharia Scholars Congregation of North America, Member of the Consultancy Authority of Badr Centre for Strategic Research and Studies, Member of the Sharia Committee for the Revision of Zakat Collection Regulation in the Kingdom of Saudi Arabia, Member of the Permanent Ifta Advisory Committee of the Sharia Scholars Congregation, Former Member of the Scientific Committee of the Islamic Waqf Institution, and Member of the Curricula Writing Sharia Committee at the Ministry of Education of the Kingdom of Saudi Arabia.

He is a Sharia Board member of each of Al-Bilad Bank and Al Inma Bank, and the Sharia consultant of a number of local charities in addition to Al-Zad International Foundation in the United States. He is a former legal advisor of the Islamic Foundation in the United States, Head of the Sharia Authority of the Arab Company for Islamic Products in Dubai, and president and member of the Sharia authorities of several banks and other financial institutions around the world.

A lecturer in Fiqh, and a participant in several international conferences, specialised seminars, scientific courses, public lectures and Sharia programs on a number of TV channels, radio stations, newspapers and specialised internet websites

He wrote and published a number of books and researches in Arabic and English.

- **Sheikh Dr. Abdullah bin Abdul Aziz Al-Mosleh (Saudi - 62 years old)**

Nominated Member of the Sharia Board

Graduated from Sharia College in Riyadh in 1391H and appointed as Lecturer in Sharia College in the same year. Finished post graduate studies at Imam Mohamed Bin Saud Islamic University, where he received his Masters and Doctorate Degrees. Worked as Head of the Sharia and Arabic Language Faculty in Abha in 1396H, then as a Head of Sharia and Fundamentals of Religion Faculty and a Supervisor of the Faculty of Arabic Language and Social Sciences. Inaugurated the Sharia and Islamic Studies College in Al-Ahsaa, and worked as a Director of Imam Mohamed bin Saud Islamic University Branch in the Southern Region, and continued as the Head of Sharia and Fundamentals of Religion Faculty and Director of the University Branch in the Southern Region during the period from 1396 to 1415H.

Wrote a series of books on private property and its restrictions in Islamic Sharia, comparing it with contemporary trends and general rules in the crime and punishment fiqh in Islam and Muslim societies and rights of non-Muslims in them. He also wrote on Murabaha and its contemporary implementation in Islamic banks, and the provisions of permission and partnership. Participated in many conferences in the Kingdom and abroad representing the Kingdom or as its envoy. He presented and still presents a number of television programs on various TV channels.

Secretary General of the International Commission on Scientific Signs in Quran and Sunna, Board Member of the Islamic Relief Organization in the Kingdom of Saudi Arabia and the Regional Supervisor for its offices in the Southern Province, Member of the Sharia Committee in each of the National Commercial Bank and Saudi Hollandi Bank, Deputy Chairman of Board of Trustees of Shitagong Islamic University in Bangladesh, Chairman of the Founding Council of the American Open University in the Bahamas, Academic Advisor of the Islamic Studies College in Dubai, Member of the Founding council of several charity foundations in the Arabian Gulf countries, and Owner and Manager of Dr. Abdullah Al-Mosleh Group for Law, Sharia and Legal Consultancies.

7-4 Contracts for Members of the Board of Directors and Top Management

The remunerations of the members of the board and top management must be in accordance with the company AoA, and according to the said AoA, the remuneration of the board chairman for performing his duties is 180,000 Saudi Riyal annually. While the remuneration for each member of the board for performing their duties is 120,000 Saudi Riyal annually.

The chairman of the board and each board member shall be paid 3,000 Saudi Riyal for attending each of the board meetings and 1,500 Riyal for attending each of the executive committee meetings. The company must also pay the chairman and members of the board all the actual expenses they incur for attending the meetings of the board or the committees affiliated with the board, including travel and accommodation expenses. However, and in all cases, the total sum paid to the chairman and members of the board must not exceed 5% of the net profits of the company. The conditions for the board remunerations and compensations must be approved at the meetings of the general assembly, where the board members shall not have the right to vote on these conditions.

The company did not give remunerations or in kind benefits to any person nominated for board membership or any executive position in the past three years

Till the date of this prospectus, no employment contract was signed between the company and any of its board members or its senior managers.

There is also no existing share programs for the employees before submitting the application for listing or any other arrangements that make the employees partners in the company capital.

7-5 Declaration by the proposed board members, senior executives and board secretary

The members nominated to the membership of the board, the chief executive officer, finance manager, senior executives and board secretary confirm the following:

They have not declared bankruptcy or were subject to bankruptcy procedures at any point in time.

They were not board member or senior executives of a company that fell in an insolvency situation in the past five years

Excluding what was mentioned in this prospectus under "Ownership of Board Members, Executive Managers and their Relatives", neither they nor any of their relatives or a related party had any direct or indirect interests in the shares or credit instruments of the company.

Neither they nor any of their relatives or a related party had any material interests in any contracts or fundamental arrangements in force, whether written or not written, contracts or intended arrangements that have significant effect on the work of the company till the time of issuing the prospectus.

There was no interruption in the issuer work that could affect or may have affected the financial situation in the past (12) months

No commissions, deductions, fees, brokerage fees, or any non-monetary compensation were given by the issuer in the three years immediately preceding the date of the registration application and accepting the listing that is related to the issuance or offering any securities.

There was no fundamental change in the financial and commercial position of the issuer in the three years immediately preceding the date of the registration application and accepting the listing. There is no intention or direction to make any fundamental change in the nature of the company's activity.

The company shall not offer any type of cash loan to its board members or guarantee any loan arranged between any of them and third parties in accordance with Article (71) of the Companies Law.

The prospective balance sheet included in this prospectus was prepared based on the financial records of the company, without making any fundamental change thereon according to the auditing standards in force in the Kingdom in relation to the implementation of the agreed upon procedures as issued by the Saudi Organization for Certified Public Accountants. The members nominated to the board membership affirm that all information was disclosed fairly and that there was no deletion of any information that may affect the outcome of the analysis. They also state that there are no mortgages, liabilities or rights to the company property till the date of preparing this prospectus.

Also that the company policies do not grant any power that enables any board member, the chief executive officer or senior executives to vote on a contract or proposal that they may have a fundamental interest in, or enable the board member to vote on remunerating himself, or allow a member of the board to borrow from the company.

7-6 Financial Summary

The company did not appoint auditors considering that it is still under incorporation, but it is expected to appoint auditors at the Constituent Assembly meeting. However, the company has appointed PricewaterhouseCoopers to conduct the financial due diligence.

As Aljazira Takaful Ta'awuni company is a company under incorporation, it does not have previous financial statements. The prospective balance sheet was prepared as of 1/1/2013G., the expected date to start the activity according to the requirements of prospective balance sheet standard issued by the Saudi Organization for Certified Public Accountants. The inspection conducted by PricewaterhouseCoopers included the necessary procedures to form a reasonable degree of conviction to enable them to give an opinion on preparing and presenting the prospective balance sheet and the assumptions it was based on, in addition to inspecting the accounting procedures applied in the company to ascertain their sufficiency and efficiency. The financial position statement also mentioned that the total traded assets is equal to 350,455,786 Saudi Riyal, with untradeable assets equal to 7,939,067 Riyal, which are the pre-incorporation expenses including the IPO expenses equal to 5,361,754 Riyal, which are the offering expenses from IPO revenues. As for liabilities, they have reached 8,394,853 million Saudi Riyal (kindly refer to the section on "Capitalisation and Indebtedness")

7-7 Company Pledges after Listing

After listing, the company shall be committed to the following:

After listing and issuing the commercial register, the company shall adopt the cumulative voting method through the General Assembly with respect to the appointment of the board members, and shall provide the Corporate Governance Department with the schedule to implement this. The cumulative voting method is considered a method of voting that offers each shareholder a voting power equal to the number of shares he owns, so that he would have the right to give all votes to a single nominee or divide them between the nominees he selects without any repetition of these votes.

Provide the Authority with the work mechanism approved by the assembly for the audit, nomination, remuneration, executive and investment committees.

Accurately respond to each of the paragraphs of Form (8) issued by the Authority, mention the reasons when not abiding by the requirements of Corporate Governance Regulations, and disclose in the board report the articles that were not adhered to and the reasons therefore.

Provide the Authority with a timetable in relation to the governance requirements that the company had not approved yet, and those that were mentioned in Form (8) issued by the Authority as those to be adhered to after the listing.

Provide the Authority with complete information on dealings with related parties and offer and review that item in details at the nearest General Assembly held by the company after the listing.

Provide the Corporate Governance Department with the date for holding the next General Assembly to be held by the company after the listing to enable it to prepare for attending it.

8 Financial Information

8-1 Auditor

The company did not appoint auditors considering that it is still under incorporation, but it is expected to appoint auditors at the meeting of the company Constituent Assembly meeting. But the company appointed PricewaterhouseCoopers to conduct the financial inspections. Whereas the future financial standing statement for the company was prepared as of 1/1/2013 (expected date for starting the activity) and the inspection was done according to the future statements standard issued by the Saudi Authority for Chartered Accountants, and the inspection included the necessary procedures to form a reasonable degree of conviction to enable them to give an opinion on the preparation and presentation of the future financial position statement and the assumption based on which this statement was prepared. PricewaterhouseCoopers finds that the attached future financial position statement was presented and disclosed according to the requirements of the future financial statements standards issued by the Saudi Authority of Chartered Accountants, and that the assumptions on which it was based provide a reasonable basis for the expectations issued by the company management. As the events and circumstances in many cases do not happen as expected, it is normal for differences to occur between what is expected and the actual outcomes, therefore the future financial position cannot be achieved and the difference between the future financial position and the actual financial position could be fundamental.

8-2 Requested Reports

The company, according to the financial market law, the registration and listing rules, corporate governance regulations, must fulfil obligations that oblige it to submit particular periodic disclosures and reports. The company shall submit to the Authority periodic financial statements according to the laws and regulations in force as issued by the Authority, as well as prepare an annual report that includes the audited financial statements, making it available to its shareholders at the appropriate time. The company must also submit the following to the Monetary Agency according to the Implementing Regulations:

Copy of its audited financial statements within ninety days from the end of the concerned year

Copy of the auditor's report and its financial statements within 60 days from the end of the concerned year for approval before its publication in the Official Gazette.

8-3 Board Members Statement regarding Financial Information

The nominated board members state that the expected financial position statement listed in the listing prospectus is taken from the special auditing report issued by PricewaterhouseCoopers without any fundamental change.

8-4 The Elements Affecting the Company Activity

8-4-1 Insurance depth and intensity rates

The insurance depth is defined as the percentage to total insurance premiums subscribed into to the gross domestic product, while insurance intensity is defined as the rate of individual spending on insurance. Whereas the reports by the Saudi Arabian Monetary Agency at the end of 2010G, indicate a decrease in the insurance depth and intensity rates in the protection and saving sector, where insurance depth in that sector reached 0.06% while the insurance intensity rates for the same sector reached 36 Riyal only, this gives a clear indicator on the expected growth for that sector and thus the increase in the size of company operations.

8-4-2 Average Age of the Population

In addition to the insurance coverage provided by protection and saving products, they also aim to assist subscribers in long-term financial planning and having savings that would be used in the future for a specific objective such as retirement, education or children marriage. Whereas the latest reports issued by the Public Statistics Authority indicate that 67% of Saudis are under 30 years of age, this is considered an indicator as to the demand that will be on the protection and saving products, which will affect the size of the company operations.

8-4-3 Electronic Sales and Marketing Channels

The company intends to provide flexible electronic channels that would enable the public from identifying company services, and enable subscribers from acquiring different services through its website. It is expected for this service to reduce paper work and facilitate access to the required information, and accordingly will reflect on the size and quality of company operations.

8-4-4 Level of Protection and saving Insurance Culture in Society

The obligatory insurance products (such as health insurance and car insurance) are in the forefront of the total insurance premiums subscribed into in the Kingdom of Saudi Arabia, while other protects, topped by protection and saving insurance do not warrant the same interest from the members of society. The main reason behind that is the weak insurance culture in the Saudi society, and therefore, the society's comprehension of the importance of protection and saving insurance would increase the level of society's acceptance of such products and thus increase demand on them.

8-4-5 Financial Market Performance

Insurance companies invest the subscribed premiums of saving products in various securities that are subject to the market performance. Therefore, the financial market performance is considered an effective element on the performance and business of insurance companies, especially those working in the saving field, on the long, medium and long-term.

8-4-6 Special Auditing Report

The special auditing report was prepared by PricewaterhouseCoopers and is attached to this prospectus. It includes information on pre-operation expenses, and the statement of the expected financial system mentioned below as of the expected start date for the company. Taking into account that that expected financial position can greatly vary from the actual results, thus the future assets and liabilities would differ than those mentioned in the expected financial position statement.

8-5 Prospective Balance Sheet Report

Aljazira Takaful Company Ta'awuni

(joint stock company under incorporation)

PROSPECTIVE BALANCE SHEET

As of July 01, 2013 ("Anticipated Inception Date")

(All amounts in Saudi Riyals unless otherwise stated)

Note

Assets		
Current assets		
Cash and cash equivalents	3	351,732,740
Accrued profit on Naqa'a deposit	3	1,182,107
		352,914,847
Non-current assets		
Pre-operating expenses, net	4	5,521,563
Total assets		358,436,410
Liabilities		
Current liabilities		
Payable to a related party	5	8,436,410
Total Current liabilities		8,436,410
Shareholders' equity		
Share capital	6	350,000,000
Total shareholders' equity		350,000,000
Total liabilities and shareholders' equity		358,436,410

The accompanying notes form an integral part of this Prospective Balance Sheet.

Aljazira Takaful Ta'awuni Company

(Joint stock company under formation)

Notes to the prospective balance sheet as of July 01, 2013 (Anticipated Inception Date)

(All sums are in Saudi Riyal unless otherwise mentioned)

1. Organisation and Activity

Aljazira Takaful Company (the "Company"), is a Saudi joint stock company under formation pursuant to the Ministerial Resolutions No. 137 dated Rabi' al-thani, 27 1431H (corresponding to April 12, 2010) and Royal Decree No. M/23 dated Rabi' al-thani 28, 1431H (corresponding to April 13, 2010).

The objectives of the Company are to engage in providing protection and saving insurance products and related services in accordance with its Articles of Association, and applicable regulations in Saudi Arabia.

The Company's authorized capital amounts to Saudi Riyals 350 million (35 million shares with a par value of SR 10 per share).

The Founders listed in Note 6 to the prospective balance sheet collectively own 70% of the Company's share capital. The remaining 30% of the share capital will be offered for public subscription as set out in Note 6.

The inception date of the Company is expected to be July 1, 2013 (the "anticipated inception date"), which is the date the Company expects to receive its commercial registration.

2. SIGNIFICANT ACCOUNTING POLICIES

The prospective balance sheet has been prepared in accordance with the accounting standards issued by the Saudi Organization for Certified Public Accountants ("SOCPA") as per the requirements of the Capital Market Authority ("CMA") for listing on the Tadawul.

The Company will prepare its first year's financial statements after inception in accordance with "International Financial Reporting Standards" ("IFRS") as required by SAMA.

The following is a summary of the Company's significant accounting policies applied in accordance with SOCPA standards:

(A) Accounting Convention

The prospective balance sheet is expressed in Saudi Riyals, is prepared under the historical cost convention using the accrual basis of accounting and on a going concern basis.

(B) Use of estimates

The preparation of the prospective balance sheet in conformity with generally accepted accounting principles requires the use of estimates and assumptions. Such estimates and assumptions may affect the balance reported for certain assets and liabilities as at the balance sheet date. Any estimates or assumptions affecting assets and liabilities may also affect the reported revenues and expenses for the same reporting period. Although these estimates are based on management's most recent views of current and future events and actions, actual results may differ from those estimates.

Aljazira Takaful Ta'awuni Company

(Joint stock company under formation)

Notes to the prospective balance sheet as of July 01, 2013 (Anticipated Inception Date)

(All amounts in Saudi Riyals unless otherwise stated)

c) Cash and cash equivalents

Cash on hand and at banks include cash and liquid investments with original maturities of three months or less at the date of acquisition.

d) Pre-operating expenses

Expenses incurred by the Company during the formation period, the licensing process and related to the Initial Public Offering (the 'Offering') are capitalized and reported as pre-operating expenses.

Under SOCPA standards pre-operating expenses with no future benefit are charged to the statement of income during the first financial period of the Company and pre-operating expenses that have future benefit are amortized using the straight-line basis over seven years or their estimated period of benefit, whichever is shorter. As the Company will be applying IFRS for future financial periods all pre-operating expenses will be charged to the statement of income during the first financial period presented.

e) Accounts payable and accruals

Liabilities are recognised for amounts to be paid in the future for expenditure incurred by the founding shareholders for and on behalf of the Company.

3. Cash and equivalent

Cash and cash equivalents held in escrow account	246,732,740
Projected cash from initial public offering	105,000,000
	351,732,740

Cash and cash equivalents as of the Anticipated Inception comprise cash received from founding shareholders, cash deposited in Naqa'a certificates together with the profit earned on such deposits held in escrow on behalf of the Company.

Projected cash from the initial public offering comprises those funds expected to be received by the Company on its Initial Public Offering.

Profit accrued on Naqa'a deposits represents the profits earned on such deposits but not received as of the Anticipated Inception Date.

4. PRE-OPERATING EXPENSES, NET

Pre-operating expenses as of the inception date comprise the following:

Aljazira Takaful Ta'awuni Company

(Joint stock company under formation)

(All amounts in Saudi Riyals unless otherwise stated)

Statutory charges	926,300
Professional fees*	2,324,980
Offering expenses**	2,923,130
Financing charges***	1,572,000
Other	690,000
	8,394,853
Less: Naqa'a profit earned on founding shareholders contribution	(2,914,847)
Pre-operating expenses, net	5,521,563

* includes legal fees and set up costs of the Company

** includes financial advisor fees, accountants fees, Al-Elm fees and prospectus related costs

*** includes underwriting fees, floatation manager's fee and receiving banks' fees.

Total pre-operating expenses incurred by the Company as of February 23, 2013 amounted to Saudi Riyals 2,528,084.

5. RELATED PARTY TRANSACTIONS AND BALANCES

The balance payable to a related party as of July 1, 2013 represents amounts payable to Bank Aljazira ("BAJ") in respect of pre-operating expenses that will be paid by BAJ on behalf of the Company prior to July 1, 2013. The total balance payable includes Saudi Riyals 2,528,084 already incurred by BAJ as of February 23, 2013. BAJ is one of the founding shareholders of the Company as described in Note 6.

The founding shareholders of the Company and BAJ have entered into a Proposed Transitional Arrangement (the "PTA") dated June 27, 2012. According to the PTA, both parties have agreed to sharing certain resources and terms relating to the cost allocation methodology for a period starting from the anticipated date of inception of the Company to the date of the Business Transfer Agreement ("BTA"). In addition, the Company will manage the insurance portfolio of Bank Aljazira until it is transferred to the Company at a later date to be determined under the BTA.

The costs and resources subject to sharing include payroll costs allocated by BAJ to the Company and costs of other shared resources such as depreciation, rent, maintenance expense and other general and administrative expenses.

All general and administrative costs incurred prior to the commencement of the Company's business and products' approval by SAMA, will be borne by BAJ. Until finalisation and approval of the BTA, the terms of PTA will remain valid.

The Company will charge a management fee to BAJ at agreed percentages of total revenue generated from BAJ's insurance portfolio for fifteen months starting from the date of commencement of the business.

Aljazira Takaful Ta'awuni Company

(Joint stock company under formation)

Notes to the prospective balance sheet as of July 01, 2013 (Anticipated Inception Date)

(All amounts in Saudi Riyals unless otherwise stated)

6. SHARE CAPITAL

The Company's authorized share capital amounts to Saudi Riyal 350 million (35 million shares with a par value of Saudi Riyal 10 per share) of which Saudi Riyal 245 million is issued (24.5 million shares with a paid-in capital per share of SR 10) and is owned by the following founding shareholders:

No.	Name of shareholder	No. of Shares (Unaudited)	Share capital paid (not audited)
1	Bank Aljazira	10,500,000	105,000,000
2	Aljazira Capital	1,750,000	17,500,000
3	Khalifa Abdul Latif Al-Melhem & Partners Co	1,750,000	17,500,000
4	Brothers Union Development Company	1,750,000	17,500,000
5	Al- Qassabi Contracting Company Ltd	1,750,000	17,500,000
6	Khalid Al-Baltan Commercial Investment Co	1,750,000	17,500,000
7	Al-Taj Regional Development Company Ltd	1,750,000	17,500,000
8	Al-Fawasel Regional Investment Co. Ltd	1,750,000	17,500,000
9	Sukuk Regional Investment Company Ltd	1,750,000	17,500,000
	Total founding shareholders	24,500,000	245,000,000
	Total allocated for the IPO*	10,500,000	105,000,000
		35,000,000	350,000,000

*Total allocated for the IPO represents 30% of the share capital of SAR 350 million, amounting to SAR 105 million, which consists of 10.5 million shares at a par value of SAR 10 each to be offered for subscription through an initial public offering. The projected cash receipts are included in the Prospective Balance sheet under current assets.

7. APPROVAL OF PROSPECTIVE BALANCE SHEET

The Prospective Balance Sheet was authorized for issue by management on behalf of the founding shareholder of the Company on March 3rd, 2013.

9 Acquisition Process

9-1 Acquisition Background

After finishing all the official procedures for incorporation and receiving the commercial register certificate, the company shall move forward with completing the acquisition as soon as is practically possible. On the insurance portfolio of Bank Aljazira. The insurance portfolio includes assets of cash, payable accounts, encumbrances, fixed assets and reinsurance reserves. Also, it includes the goodwill name value resulted from the internal systems, human resources, distribution channels, clients database, labour restrictions, trademark rights and intellectual property. Where this acquisition will support the company capabilities in relation to an established client base, revenues flow, widespread distribution network, in addition to an infrastructure for the systems and trained and experiences labour force.

Upon completion of the acquisition, the company shall have the right to manage the insurance portfolio and the resulting rights, duties and obligations to subscribers

9-2 Bank Aljazira - Insurance Portfolio

Bank Aljazira was established in 1975 as a Saudi joint stock company registered in the Kingdom of Saudi Arabia under commercial register No. (4030010523). The capital of the bank is three (3) billion Saudi Riyal. The bank shall provide all types of banking services compliant with the provisions of Islamic Sharia. It shall own 30% of Aljazira Takaful Ta'awuni Company and around another 5% indirectly through its ownership in Aljazira Capital Company. The bank established the Takaful Ta'awuni Department in 2002, which provided various Takaful programs related to protection and saving to the Saudi market over the past ten years.

According to the explanatory statement by the Monetary Agency on 26/08/1430H (corresponding to 17/08/2009G), Bank Aljazira was allowed to renew the current insurance policies up to 03/03/1431H (corresponding to 17/02/2010G) without issuing insurance policies to new clients, while the company is licensed according to the norms and the related documents are approved by the Monetary Agency also Bank Aljazira will not be allowed to renew the insurance policies after 03/03/1431H (corresponding to 17/02/2010G). This suspension does not affect the contracts in force with respect to enjoying the advantages of the benefits and services of these contracts. The work of the Takaful Ta'awuni Department at Bank Aljazira is limited after that date to serve the issued documents and collect the resulting subscriptions in later periods.

It is worth noting that the Takaful portfolio of Bank Aljazira does not have any intangible assets, nor are there any mortgages, cases or positive fundamental liabilities against the insurance portfolio of Bank Aljazira other than the ordinary obligations resulting from the insurance contracts it issues. The portfolio also did not have any business or assets outside the Kingdom of Saudi Arabia

9-3 Financial Performance

The following table shows the main features of the financial performance of the insurance portfolio of Jazira Bank during the last four years:

Year	December 2008	December 2009	December 2010	December 2011	December 2012
Underwritten insurance subscriptions	180,368,304	283,823,769	268,841,817	233,999,298	215,349,422
Annual change	-	57%	-5%	-13%	-8%
Issued re-insurance subscriptions	13,472,025	19,507,540.	17,914,719	11,352,952	11,290,075
Annual change	-	45%	-8%	-37%	-1%
Net underwritten subscriptions	166,896,279	264,316,229	250,927,097	222,911,266	204,059,347
Annual change	-	58%	-5%	-11%	
Assets under management	268,081,047	358,748,218	494,200,990	580,931,054	725,612,614
Annual change	-	34%	38%	18%	25%
Net profit before Zakat	33,689,746	-8,739,245	-10,369,309	-31,879,014	-27,261,905
Annual change	-	-126%	-19%	-207%	14%
Total outstanding claims	5,845,689	6,327,285	4,776,114	3,838,980	1,967,500
Annual change	-	8%	-25%	-19%	-49%

9-3-1 Subscriptions

Total underwritten subscriptions to the Bank Aljazira portfolio in the Kingdom of Saudi Arabia grew by 57% to reach around 284 million Riyal at the end of 2009 from around 180 million Riyal at the end of 2008. Yet and as a result of the Saudi Arabian Monetary Agency decision to renew the current insurance documents to 03/03/1431H (corresponding to 17/02/2010G) without issuing insurance documents to new clients, underwritten subscriptions in the current documents were limited and thus, subscriptions dropped by 5% to around 269 million in 2010 and by 13% in 2011 to reach 234 million Saudi Riyal. at the end of 2011. and by 8% to around 215b million by the end of 2012. the reason for decreasing the total subscriptions during the last three years is that the bank has stopped issuing insurance policies to new clients according to the directions of the Saudi Arabian Monetary Agency and was satisfied only to collect the subscriptions from the current clients..

9-3-2 Investment Assets

Total investment assets , under management, related to the investment account in 2009G. reached around 359 million Riyal with a 34% increase from around 280 million Saudi Riyal by the end of 2008G., despite the bank stopped to issue any new documents since August 2009, in compliance with the directions of the Saudi Arabian Monetary Agency, however the under management assets continued t to increase by 38% to 494 million by the end of 2010 and 18% to 581 million Saudi Riyal by the end of 2011, and by 25% To 726 million by the end of 2012. the reason behind that is that the current subscribers continued paying their subscriptions related to their contracts, and the improvement of the investment funds performance where such subscriptions invest.

9-3-3 Profits

The portfolio profits by the end of 2008G. - before Zakat- reached 33.7 million Riyal while the portfolio registered losses of 8,7 million by the end of 2009G. and 10,3 million by the end of 2010, and 31,8 million by the end of 2011, and 27 million by the end of 2012. This primarily is due to stopping the issuance of new insurance documents, the increase of cancelling contracts and changing the policy for counting revenues.

9-3-4 Claims

Although claims remained constant at 6 million by the end of 2008 and 2009, however it decreased by 25%, 19% , 49% during 2010, 2011, 2012 respectively. Te main reason is not to receive any new claims from subscribers, as the claims value is subject to cases of deaths or disability accidents for the subscribers with large insurance coverage, God forbid..

9-4 Human Resources

To serve this portfolio, the total number of Takaful Department employees by the end of December 2012G. reached 106 employees, distributed on the various administrative levels, The following table Shows number and percentage of the Saudization of administration directors during the last four years:

Number of Employees at Aljazira Takaful Ta'wuni Company														
Department	2009			2010				2011				December 2012		
	Saudis	Non-Saudis	Total	Saudis	Non-Saudis	Total	Rotation	Saudis	Non-Saudis	Total	Rotation	Saudis	Non-Saudis	Total
CEO Office	0	3	3	0	2	2	-33%	2	0	2	0%	3	0	3
Human Resources	18	1	19	16	1	17	-11%	17	1	18	6%	9	0	9
Operations	43	16	59	35	16	51	-14%	28	16	44	14%	14	13	27
Compliance	1	0	1	1	0	1	0%	1	0	1	0%	2	0	2
Internal Auditing	2	0	2	2	0	2	0%	2	0	2	0%	1	0	1
Business intelligence and Quality Department	0	0	0	0	0	0	0	1	0	1	0	3	1	4
Finance	2	2	4	2	2	4	0%	1	2	3	-25%	1	3	4
Distribution Channels Department	484	8	492	343	8	351	-29%	186	4	190	-46%	53	1	54
Risks Department	0	0	0	0	0	0	0	0	0	0	0	0	1	1
Total	550	30	580	399	29	428		238	23	261	0	86	19	105

The drop in the number of employees over the last period is noticed, and this is due to the decrease in the employees in sales channels as a result of halting the issuance of new documents and only serve subscribers, which reduces the need for employees

It is expected for most of those employees to move to Aljazira Takaful Ta'awuni Company according to the proposed organisational structure (kindly refer to the section on "Organisational Structure").

9-5 Investment Portfolio Acquisition Agreement

Following the completion of the incorporation process, the company intends to conclude an acquisition agreement with Bank Aljazira, according to which, the company will purchase the insurance portfolio of the bank (with its assets and liabilities) according to the evaluation approved by the Saudi Arabian Monetary Agency, taking into account the commitment of each party to the implementation of the acquisition process is subject to the customary conditions, including the approval of the competent authorities.

The company management, following its incorporation, will appoint an appraiser of the portfolio for the purpose of the acquisition process, and to provide the shareholders of the value of the acquisition and the other agreed upon details by the Saudi Arabian Monetary Agency after the company incorporation.

9-6 Consent of Shareholders and Legislative Authorities

The final formula of the acquisition terms and conditions will require the approval of the Saudi Arabian Monetary Agency before the company and Bank Aljazira sign the agreement to purchase the insurance portfolio and begin the process of transferring it to the company. In addition to that, under Article 69 of the Companies Law, the acquisition shall be subject to the voting of the shareholders at the extraordinary general assembly meeting that will be held after the incorporation of the company and the approval by the competent authority of the portfolio transfer, without allowing shareholders from related parties to vote on this decision. Moreover, due that the selling party is al-Jazira Bank which is a joint stock company listed in the stock exchange market, thus acquisition process will be subject to the approval of the extra ordinary general assembly of Al-Jazira Bank according to article 69 of the Companies' law.

9-7 Acquisition Funding

The Acquisition process, as mentioned above, will be subject to multiple levels of decisions and approvals, starting with Management's decision to proceed with the acquisition, and ending with the valuation process, This will , ofcures pass through SAMA and the extra ordinary general assemblies of both the Company and BAJ. And since these procedures have not started yet, there is not value has been attached to the portfolio till todote. And, hence, the amounts required to finance the Acquisition have not been determined yet. The Company expects to fund the acquisition process in addition to the related fees and expenses through selecting the most appropriate option available to the company at the time, which will be subject to the approval of the related authorities, and the payment mechanism to be approved.

10 Capitalization and Indebtedness

The company capital is (350,000,000) three hundred and fifty million Saudi Riyal, made up of (35,000,000) thirty five million shares with a nominal value of (10) ten Riyal per share. The founding shareholders subscribed into (24,500,000) twenty four million five hundred thousand shares, with the subscribed sums equal to (245,000,000) two hundred forty five million Riyal deposited in the company account at Bank Aljazira, account No. 002125866001. (10,500,000) ten million five hundred thousand shares shall be offered for IPO. The company confirms that its capital and the capital of any affiliate company is not inclusive of a selection right or any other restriction, except for the imposed restrictions under the Saudi regulations and laws. The company reviewed the working capital requirements that are most likely to be applied on work for the next twelve months, and believes that the company has sufficient funds to finance the working capital requirements during the twelve months following the IPO. The company does not have any potential debts, mortgages, rights, or obligations, or any guarantees to date, except for the sum of 8,436,410 Saudi Riyal to Bank Aljazira to cover the incorporation expenses. The following table details the incorporation expenses.

	Sum in Saudi Riyal
Official Expenses and Fees	926,300
Professional Expenses and Fees	2,324,980
Other expenses related to the offer	2,923,130
Funding Expenses	1,572,000
Other Expenses	690,000
Total	8,436,410

It is worth noting that no commissions, deductions, fees or any non-cash compensation was offered in the two years immediately preceding the date of submitting the listing application related to issuing or selling any securities to any party.

Also, no fundamental negative changed has happened or is expected to happen to the financial and commercial status of the company

Aljazira Takaful Ta'awuni is a joint stock company under incorporation and does not own any property, buildings or equipment till the date of issuance of this prospectus. The company shall lease and own buildings and equipment as needed and after its incorporation in light of the business transfer agreement to be signed with Bank Aljazira and the management and transitional services memorandum signed with Bank Aljazira. The company does not intend to purchase any property in the near future.

11 Dividends Distribution Policy

11-1 Conditions for announcing the distribution of dividends on shareholders

The company does not expect to distribute annual dividends on shareholders in the first years following incorporation, and it does not provide any confirmation that it will indeed distribute any profits after that. It does not also give any affirmation regarding the sum to be distributed at any year in the future.

The company may, from time to time, distribute dividends on shareholders out of its net profits in accordance with the following conditions stipulated in the statute:

1. Exclude Zakat and income tax as prescribed by law
2. Exclude ten percent of net profits to form a regular reserve. The ordinary public assembly may stop this exclusion once the reserve is equal to the total capital paid.
3. The ordinary general assembly (as proposed by the board of directors) may exclude a percentage of the net annual profits to form an additional reserve allocated for specific purpose or purposes approved by the general assembly
4. What remains after that shall be distributed in a first instalment to shareholders that is not under 5% of the paid capital
5. The rest after that shall be distributed on the shareholders as a percentage of profits, or transferred to the account of retained profits
6. Periodic profits may be distributed by a board decision that will be deducted from the annual dividends specified in paragraph 4 above, according to the related laws and regulations issued by competent authorities

The company must notify the Capital Authority of the following without delay:

1. Decisions to distribute profits on shareholders
2. Recommendation to distribute dividends on shareholders

These profits shall be paid to shareholders at the places and times set by the board according to the instructions issued by the Ministry of Commerce and Industry and after acquiring the prior written consent of the Saudi Arabian Monetary Agency

The announcement of distributing any profits depends on the company profits, its financial position, market conditions, general economic environment and other factors that include analysing investment opportunities, re-investment needs, monetary and capital requirements, activity horizons and prospects, the effect of these distributed dividends on the company position in relation to alms, as well as on other legal and regulatory considerations.

11-2 Effect of Acquisition Process on Profit Distribution

It is worth noting that according to the directives of the Saudi Arabian Monetary Agency with respect to paying the acquisition values of the insurance portfolios purchased by the Saudi Arabian Monetary Agency from licensed Saudi companies, which were established under the Cooperative Insurance Law, the company is expected to pay 50% of the acquisition value to Bank Aljazira at the completion of the acquisition, while the company is expected to pay the remaining 50% from its net profits through annual instalments in accordance with the remaining directives:

- The instalments shall be set as a fixed percentage of the profits decided by the Saudi Arabian Monetary Agency after discussions with the company, taking into account the company plan of work that was submitted to the Monetary Agency;
- The period for instalment payment shall be determined;
- The total number to be paid for the acquisition will take into account the time value of the capital as decided by the Monetary Agency on the transfer date
- The percentage of profits paid each year must not exceed 50% of the profits earned during the said year;
- If the company did not make any profits in any year, no sums will be paid that year. No payment will be made from surplus profits from previous years;
- Each instalment shall be approved by the Saudi Arabian Monetary Agency before payment.

Based on the aforementioned, the payment of any profits by the company to its shareholders shall be subject to the company's commitment to pay the delayed sum of the portfolio value, which is equal to 50% of the acquisition value of the said portfolio.

12 Use of IPO Proceeds

It is expected for the total revenues from the offering of shares to reach 105,000,000 Saudi Riyal. The subscription expenses reached an amount of 5,403,311 Saudi Riyal which represents fees and expenses related to offering the shares, including the fees of each of the Financial Advisor, legal advisor on the offering, chartered accountants, as well as the expenses of the receiving entities, marketing expenses, printing and distribution expenses and other expenses related to offering the shares. Thus net subscription revenues shall reach 99,596,689 SAR. Subscription expenses shall be paid by Bank AlJazira on behalf of the company as indicated in Capital and Indebtedness section, then the Company pays this amount after the completion of its incorporation procedures from the amounts allocated to the operational expenses and the working capital mentioned below. The subscription revenues will be accrued to the company and the founding shareholders will not receive any part thereof.

The Company will use the subscription revenues that amount to one hundred and five million (105,000,000) Saudi Riyal and sums from the subscription of the founding shareholders which amounts to two hundred forty five million (245,000,000) Riyal to form the Company's capital of three hundred and fifty million (350,000,000) Riyal, the Company's capital will be utilized to finance the following:

1. The Company will invest in the investment funds in compliance to the Monetary Agency requirements. It will use such invested amounts, when necessary, to invest in the assets necessary for the company activity, a part of this amount will be used to finance the acquisition of the insurance portfolio related to AL-Jazira Bank, when necessary, (kindly refer to the acquisition part to get information about the Acquisition)
2. an amount of 35 million Riyal has been allocated for the statutory reserve of the company according to the requirements of the implementing regulation for the law of supervising the cooperative insurance.
3. An amount of 35 million Riyal were allocated to cover the pre- incorporation including the incorporation and operational expenses and the working capital requirements.

The following table shows the detailed subscription revenues and its uses

Usage	Amount
Investment	280,000,000
Statutory deposit of the company	35,000,000
Pre- incorporation expenses and operation expenses and working capital	35,000,000
Total	350,000,000

13 Summary of the Company Bylaws

The company Bylaws shall include the items mentioned below. Full dependence shall not be placed on this summary instead of the complete statute, which can be reviewed at the company headquarters.

Incorporation: A Saudi joint stock company, shall be incorporated in accordance with the provisions of the Cooperative Insurance Companies Control Law, the Companies Law, their Implementing Regulations and this statute, among the shareholders with its provisions that are mentioned below.

Company Name: Aljazira Takaful Ta'wuni Company.

Company Objectives: Conduct cooperative insurance works and all that is related to re-insurance, agencies, representation, correspondence or mediation in accordance with the provisions of the Cooperative Insurance Companies Control Law, its Implementing Regulations and the laws and regulations in force in the Kingdom of Saudi Arabia. The company shall conduct all the work necessary to achieve its objectives, whether in the field of insurance or investing its funds, and shall own, move, substitute, or lease fixed and cash capital whether directly on its own or through companies it incorporates or purchases or in association with other entities. The company may own, have an interest, or participate in any way with the entities that conducts similar business or financial work or that assist it to achieve its objectives, or it can merge them in it or purchase them. The company shall undertake all the work mentioned in this Article whether inside the Kingdom or abroad.

Headquarters: The company's main headquarters is in Jeddah City.

Company Duration: The duration of the company is 99 Gregorian years beginning as of the date of the Minister of Commerce and Industry's decision announcing its incorporation. The duration of the company can be extended by an extraordinary general assembly decision at least one year before its expiry.

Company Capital: The capital of the company is set (350,000,000) three hundred and fifty million Saudi Riyal divided into (35,000,000) thirty five million shares of equal value at ten Saudi Riyal per share.

Capital Reduction: It is possible upon an extraordinary general assembly decision, and after the consent of the competent authorities, to reduce the company's capital if it exceeds its needs or if it incurred losses. The decision shall not be issued unless after reading the auditor's report on the reasons necessary thereof, as well as the liabilities of the company, and the effect of the reduction on these liabilities. The decision shall show the method of reduction. If the reduction was as a result of the capital exceeding the need of the company, it shall be necessary to invite creditors to express their objections to that within sixty days from the date of publishing the reduction decision in a daily official gazette distributed in the city where the company headquarters is. If anyone objected and submitted his documents to the company on the mentioned time, it shall be necessary for the company to pay him his debt if it was due, or give him sufficient guarantee to settle it if it was deferred.

The Board of Directors: The company shall be managed by a board of directors comprised of (5) five members appointed by the ordinary general assembly for a maximum of three years. This appointment does not jeopardise the right of the legal entity to substitute its representative at the board.

As an exception to that, the Constituent Assembly shall appoint the first board of directors for three (3) years starting from the date of the Ministerial Resolution announcing the incorporation of the company.

Vacant Membership in the Board of Directors: The membership of the board of directors shall end upon the expiry of the term, resignation, death, or if the board of directors found out that the member had violated his duties in a way that would harm the interest of the company, provided that this is accompanied by the consent of the ordinary general assembly, the end of his term in accordance with any law or instructions in force in the Kingdom, by being absent for more than three successive meetings without an excuse accepted by the board of directors, if he was declared bankrupt or insolvent, if he submitted a request for settlement with his creditors, if he stopped paying his debts, if he becomes unconscious, if he suffered a mental illness, if he was proved to have committed and act against integrity and ethics, or if he was convicted of forgery. If the position of a board member became vacant, the Board may appoint a member in the vacant position, provided that that appointment was presented to the ordinary general assembly in its first meeting. The new members shall complete the term of his predecessor only. If the number of the board members fell below the quota necessary for the validity of its meetings, it shall become necessary to invite the ordinary general assembly as soon as possible to appoint the necessary number of members.

Power of the Board of Directors : Without prejudice to the authorities of the general assembly, the board of directors shall enjoy the widest powers to manage the affairs of the company and its business. The board of directors may also delegate some specific duties to one or two of its members or to third parties.

Board of Directors Remunerations: The remuneration of the Chairman shall be for the services it performs at (180,000) one hundred and eighty thousand Saudi Riyal, with the remuneration for each of the board members for the services they perform equal to (120,000) one hundred and twenty thousand Saudi Riyal annually.

The chairman and each member shall receive (3,000) three thousand Saudi Riyal for each of the board meetings attended and (1,500) one thousand five hundred Saudi Riyal for each meeting of the committees emanated from the Council.

The company shall also pay the chairman and members of the board the actual expenses they incur to attend the meetings of the board or the executive committee, including travel, accommodation and hosting expenses. In all cases, it is not permitted for the total amount paid to the chairman and board of directors' members to exceed (5%) five percent of the net profits, and the company must confirm sending all written details on remunerations and proposed compensations to all shareholders before holding the general assembly when these remunerations and compensations are presented for voting. The company must also affirm the consent of a general assembly in which the concerned board member or one of the executive directors does not have voting rights on these conditions. The remunerations for the board members may be amended with the approval of the extraordinary general assembly for shareholders.

Chairman and Managing Director: The board of directors shall appoint a chairman from among its members, and shall also appoint a Managing Director for the company from the board members. They shall have the right to sign on behalf of the company and execute the board decisions. The chairman or Managing Director shall be responsible for representing the company before the judiciary and third parties. Any of them shall have the right to authorise others to undertake specific work or works. The Managing Director shall undertake the executive management of the company.

Auditing Committee: The board of directors shall form an auditing committee comprised of a minimum of three (3) and a maximum of five (5) members who do not hold a position of executive directors at the company. The majority of its members shall be from non-board members with the consent of the Saudi Arabian Monetary Agency, the Ministry of Commerce and Industry, and the Capital Market Authority.

Executive Committee: The board of directors shall form an executive committee of a minimum of three (3) and a maximum of five (5) members. Presiding over the meetings of the executive committee is a chairman appointed by the members of the executive committee from amongst themselves, and in his absence, the committee shall select a temporary chairman from among its members present. A member of the executive committee may nominate another member who has voting rights in his behalf for three meetings only. The membership of the executive committee shall be concurrent with the board membership. The board shall fill any vacancies in the executive committee.

The meeting of the executive committee shall not be valid unless attended by at least two in person or in lieu, provided that the number of attendants in person are not less than two. The decisions of the executive committee shall be issued unanimously, and in case of a disagreement they shall be passed with a majority vote of three quarters of the represented members present. The committee shall hold its meetings from time to time whenever its chairman finds it necessary, provided that it hold at least six meetings annually. The meeting shall be held at any time if so requested by at least two members. The decision shall be considered passed, if approved in writing by two members of the committee.

The board shall meet at the company headquarters upon an invitation from its chairman and once asked to do so by two of the members. The invitation must be documented in the method the board decides, and it may be held outside the company headquarters provided that the board meets (at least) four times in one fiscal year. It is not possible for four months to pass without holding the council.

Ordinary General Assembly: The meeting of the general assembly is not valid unless attended by shareholders representing a minimum of 50% of the company capital. If the meeting attendance quota is not met, a notification for a second meeting shall be sent to be held within 30 days from the date of the first meeting. This invitation shall be extended in the way stated in Article (eighty eight) of the Companies Law. The second meeting shall be considered valid regardless of the number of shares represented in it.

Extraordinary General Assembly: The meeting of the extraordinary general assembly is invalid unless attended by shareholders representing a minimum of 50% of the authorized company capital. If this quota was not met in the first meeting, an invitation shall be sent for another meeting under the conditions stipulated in the previous article. The second meeting shall be considered valid if attended by a number of shareholders representing a quarter of the company capital.

General Assembly Decisions: The decisions of the ordinary general assembly are passed by absolute majority of the shares represented in the assembly.

The decisions of the extraordinary general assembly are also passed with the consensus of majority of two thirds of the shares represented in the assembly.

While the decisions pertaining to increasing or decreasing the company capital, merging the company with another company or institution, extending the company duration, or liquidating the company before the period specified in its statute or by merging it in another company or institution, a three quarter vote majority of the shares representatives at the meeting is necessary.

Auditor: The general assembly shall appoint two auditors yearly who are licensed in the Kingdom of Saudi Arabia and shall determine their fees, and it may reappoint them.

The auditor must submit a report to the annual general assembly in which he will explain the position of the company management from enabling him to get the data and notes he requested, and whatever violations he may have uncovered of the provisions of the Companies Law, Cooperative Insurance Companies Control Law and its Implementing Regulations, or the company system, and his opinion on the conformity of the company accounts with reality.

Fiscal Year: The fiscal year of the company shall begin on the first of January of every year and end by the end of December of the same year, provided that the first fiscal year of the company begins from the date of the ministerial decree issued to announce the incorporation of the company and ends on the thirty first of December of the following year.

Distribution of Dividends: Shareholders dividends shall be distributed as follows:

Zakat and set income tax should be retained.

(20%) of the net profits to form an statutory reserve should be retained, and the ordinary general assembly may stop this deduction once the mentioned reserve reached the total paid capital.

The ordinary general assembly, as proposed by the board of directors, may exclude a percentage of the net annual profits to form an additional reserve allocated for specific purpose or purposes approved by the general assembly.

The remaining shall be distributed as a first instalment to shareholders that is at least (5%) of the paid capital.

The rest after that shall be distributed on the shareholders as a percentage of profits, or transferred to the account of retained profits.

Periodic dividends may be distributed by a board decision that will be deducted from the annual profits specified in paragraph (4) above, according to the related regulations issued by competent authorities.

Company Losses: If the company losses reached three quarters of its capital, the members of the board must invite the extraordinary general assembly to discuss the possible continuity of company business or its dissolution before the end of its duration. In all cases, the general assembly decision shall be published in the Official Gazette.

Company Dissolution and Liquidation: When the company duration is concluded, or if a decision was issued to dissolve it before the end of its duration, the extraordinary general assembly, at the suggestion of the board of directors, shall decide the liquidation procedures of the company, appoint one or more liquidator, whose authorities and remuneration shall be set by the decision. The authority of the board of directors end with the dissolution of the company. However, the board of directors shall continue to manage the company pending the appointment of a liquidator. Also the company entities shall maintain their competencies to the extent that does not contradict with the competencies of the liquidators.

Final Provisions: The provisions of the Cooperative Insurance Companies Control Law and its Implementing Regulations, the Companies Law, and the Capital Market Law and its Implementing Regulations shall be applied on all that was not mentioned in the company statute.

14 Legal Information

14-1 Information on the Company Incorporation

Aljazira Takaful Ta'awuni Company is a Saudi joint stock company under incorporation according to the Council of Ministers Decision No. 137 dated 27/04/1431H (corresponding to 11/04/2010G) and Royal Decree No. (M/23) dated 28/04/1431H (corresponding to 12/04/2010G).

The company capital is 350 million Saudi Riyal comprised of 35 million ordinary shares at a nominal value of 10 Saudi Riyal per share. After the completion of the listing process and holding the Constituent General Assembly, an application shall be submitted to the Minister of Commerce and Industry to announce the incorporation of the Company. The company shall be considered fully incorporated as a Saudi joint stock company from the date of the Minister of Commerce and Industry's resolution announcing its incorporation.

14-2 Licenses

The company shall have a number of principal licenses and permits issued by the ministries and authorities that enable it to continue its activities in the Kingdom of Saudi Arabia. Principal licenses and permits explained below:

License / Permit	Purpose	Date	Expiry	Issuer Authority
Royal Decree No. (M/23)	License to incorporate a cooperative insurance company	28/04/1431H (corresponding to 12/04/2010G)	The resolution is valid and there is not expiry date for this resolution	Royal Court
Ministerial Decree No. (137)	License to incorporate a cooperative insurance company	27/04/1431H (corresponding to 11/04/2010G)	The resolution is valid and there is not expiry date for this resolution	Council of Ministers

In addition to the licenses and approvals mentioned above, the company intends after its incorporation and the issuance of its commercial register to submit an application to acquire the necessary licenses from the Monetary Agency to proceed with its work.

The company will proceed as soon as possible to implement the acquisition process once it (1) The official procedures for incorporating the company is concluded, (2) The company shares are listed on the official list, (3) The approval of the Monetary Agency, on the products to be provided by the company, is acquired, (4) Approval of the company shareholders who have no interest, (5) The necessary official approvals are obtained, taking into account that the acquisition process and final evaluation of the insurance portfolio will be subject to the approval procedures set by the Monetary Agency.

On 26/08/1430G (corresponding to 17/08/2009G), the Monetary Agency issued an explanatory statement (Explanatory Statement of the Monetary Agency) regarding the status of insurance companies working in the Kingdom. It explained the ability of operating insurance companies to practice insurance business at the Kingdom at the end of the transition period granted under the Royal Decree No. 3120 dated 04/03/1426H (corresponding to 13/04/2005G). The Monetary Agency also request to be provided with monthly financial reports on the insurance portfolios and detailed reports every two months on the licensing process.

According to the Monetary Agency Explanatory Statement, Bank Aljazira was permitted to renew the insurance documents till 03/03/1431H (corresponding to 17/02/2010G). While the company is being licensed according to the norms and the related documents are being approved by the Monetary Agency, the company will not be permitted to undertake new business, also Bank Aljazira was not allowed to renew the insurance work or subscribe in new insurance work after 03/03/1431H (corresponding to 17/02/2010G).

Taking into account that the company will apply to the Saudi Arabian Monetary Agency to acquire the final approval to practice the insurance activity and the products to be provided to the clients by the company after offering the company shares for public subscription and issuing the commercial register.

14-3 Related Parties Contracts

Other than the operations described below, there are currently no operations or groups of existing or proposed operations, in which any founding shareholder, proposed member of the board, company official, any affiliate or any member of their families shall have any direct or indirect fundamental interests.

Based on the competitive analysis of comparative conditions, the company management decided that the operations explained below have been carried out in accordance with provisions that are no less than what could have been acquired had they been carried out by other parties not affiliated with the company. The company plans to affirm that all future operations between itself and its officials, board members, principal shareholders, and affiliate or associate parties are approved in advance by the board of directors, including the majority of the independent members and the members who do not have any interests in these operations, and under provisions that are not less favourable to the company than what it could receive from third parties that are non-affiliated or non-associated to the concerned parties. Members of the board of directors who have an interest in the decisions proposed for voting shall abstain from voting on them. The same matter shall apply at the general assembly in accordance with the Corporate Governance Regulations issued by the Capital Market Authority.

The company, its proposed board members and founding shareholders affirm their intention to abide by Articles 69 and 70 of the Companies Law. As well as abide by the Corporate Governance Regulations issued by the Capital Market Authority under Resolution No.1-212-2006 dated 21/10/1427H corresponding to 12/11/2006G based on the Capital Market Law issued by Royal Decree No.M/30 dated 2/6/1424H as amended by the Capital Market Authority Board Resolution No. 1-10-2010 dated 30/03/1431H correspondent to 16/03/2010G.

In accordance with the company statute, any board member with a direct or indirect interest in any matter or offer being studied by the board or the executive committee, as per case, he shall notify the board or the executive committee of the nature of his interest in that matter, and he shall abstain from voting or participating in any discussions that take place at the board or the executive committee in relation to that matter or offer.

In addition to the aforementioned, the board members are not permitted to conclude any insurance contracts with the company if they had interests in those contracts without acquiring the approval of the Saudi Arabian Monetary Agency on that.

Since the company is a joint stock company under incorporation, Articles 69 and 70 of the Companies Law and Article 18 of the Corporate Governance Regulations issued by the Capital Market Authority have not been applied in relation to the contracts signed with concerned parties.

The following paragraphs summarise the important operations pertaining to the concerned parties (represented in Bank Aljazira) which shall be concluded between the company and these parties:

(A) Transfer of Business Agreement

Upon completing the incorporation of the company and when acquiring approvals from related entities, the company shall enter into an agreement to transfer business with Bank Aljazira which is related to the acquisition of the portfolio (including the branches) at an agreed upon value between the parties as approved by the Saudi Arabian Monetary Agency.

The method of assessing the portfolio and payment shall be in accordance with the directive regulations issued by the Monetary Agency, pending the approval of the Monetary Agency and in accordance with its directives and the procedures it sets.

Bank Aljazira shall provide the company specific guarantees pertaining to the regulatory requirements and the validity of the portfolio that will be transferred under this agreement and some other matters.

The implementation of this agreement and the transfer shall depend on several elements including acquiring the consent of the Monetary Agency and meeting the official requirements and related notifications, including the conditions imposed by the Monetary Agency and the consent of the shareholders without interest.

(b) Management Agreement and Transitional Services

Immediately following the incorporation of the company and after acquiring consents from related entities, the company shall enter into a transitional services management agreement with Bank Aljazira for the bank clients portfolio under the memorandum dated 26/06/2012G ("Memorandum") which shows the mechanism for distributing expenses and dividing resources in the period from the date of company incorporation till the date of transfer of business.

Under this memorandum, the bank was committed to providing support and facilities to employ and distribute resources as agreed by the two parties in relation to the basic services such as information technology, actuarial services, subscription, distribution and other services. Under the same memorandum, the bank shall bear part of the company expenses at an average monthly cost of 3,616,932 Saudi Riyal in addition to 20% of the total income generated from the portfolio in the first six months and 10% for the next nine months in exchange for the service the company will provide to manage the insurance portfolio of the bank in the period from the date of incorporating the company to the date of transferring businesses.

14-4 Fundamental Contracts

14-4-1 Takaful Contracts

Within the context of its regular work, Bank Aljazira had concluded several Takaful contracts for individuals pertaining to retirement, education, marriage, Awqaf, one instalment contracts and prevention. These documents shall be transferred to the company within the acquisition process and after acquiring the consent of the Saudi Arabian Monetary Agency.

The durations of these contracts range between five and forty eight years and might be cancelled by either party according to the items mentioned in them.

These contracts shall be subject to the laws of the Kingdom of Saudi Arabia, and all resulting disputes shall be settled according to the Arbitration Law issued by Royal Decree No.M/46 dated 12/7/1403H

14-4-2 Re-Takaful Contracts

Bank Aljazira concluded re-Takaful contracts with the Swiss Reinsurance Company (Swiss Re) covering all risks within the framework of the full Takaful contracts for individuals and groups.

14-4-3 Re-Takaful Agreement for Individuals

This agreement was put into force as of 1 February 2008G, and covers specific benefits under all individual Takaful contracts issued by Bank Aljazira. It shall be applied directly in the Kingdom of Saudi Arabia. The agreement shall be valid for an indefinite period, yet the agreement may be terminated by either party with respect to (a) new contracts through giving a written notice of 90 days, (b) the current contracts through giving a written notice of 90 days if its was not possible to fulfil the fundamental conditions of the agreement in relation to these contracts without any shortcoming from the party that gives the notice, or if the other party fundamentally violates his obligations as stated in the agreement.

Bank Aljazira is committed to acquire the consent of (Swiss Re) and its Sharia Supervisory Board in case the bank transferred the contracts subject to the agreement to another company, or if the ownership of these contracts was fundamentally amended through acquisition or merging with another company. Also, it is necessary for (Swiss Re) to acquire the consent of the company and the Sharia Supervisory Board if any of its rights and obligations were transferred to any other operator outside Swiss Re Company. If either party failed in that, the other party shall have the right to cancel the agreement for all affected contracts as of the date of transfer or change of ownership. To that objective, a renewal contract between each of (Swiss Re), Bank Aljazira and the company shall be signed, under which (Swiss Re) will agree to transfer the contracts from Bank Aljazira to the company.

The Re-Takaful Agreement for Individuals shall be subject to the laws and regulations of English to the extent in which they do not contradict with the principles of Islamic Sharia. All disputes shall be settled by arbitration in Jeddah City if the Defendant was Bank Aljazira and in Zurich if the Defendant was Swiss Re, by a council comprised of three arbitrators, unless the two parties agreed on a single arbitrator.

A number of addenda to this agreement were signed, the last of which on 18/01/2012G., by which the retention limits were extended for the bank till 30/09/2012G..

14-4-4 Re-Takaful Agreement for Groups

This agreement was put into force as of 1 January 2008G, and covers specific benefits under all group Takaful contracts issued by Bank Aljazira. It shall be applied directly in the Kingdom of Saudi Arabia. The agreement shall be valid for an indefinite period, yet the agreement may be terminated by either party with respect to (a) new contracts through giving a written notice of 90 days, (b) current contracts through giving a written notice of 90 days if there was a cut in communication or a ban in financial and commercial transactions whether that was a result of fact or law between the areas where the headquarters of the two parties are, or if the other party fundamentally violates his obligations as stated in the agreement.

Bank Aljazira is committed to acquire the consent of Swiss Re and the Sharia Supervisory Board in case the bank transferred the contracts subject to the agreement to another company, or if the ownership of these contracts was fundamentally amended through acquisition or merging with another company. Also, it is necessary for Swiss Re to acquire the consent of the company and the Sharia Supervisory Board if any of its rights and obligations were transferred to any other operator outside Swiss Re. If either party failed in that, the other party shall have the right to cancel the agreement for all affected contracts as of the date of transfer or change of ownership. To that objective, a renewal contract between each of (Swiss Re), Bank Aljazira and the company shall be signed, under which (Swiss Re) will agree to transfer the contracts from Bank Aljazira to the company.

The Takaful Agreement for Groups shall be subject to the laws and regulations of English to the extent in which they do not contradict with the principles of Islamic Sharia. All disputes shall be settled by arbitration in Jeddah City if the Defendant was Bank Aljazira and in Zurich if the Defendant was Swiss Re, by a council comprised of three arbitrators, unless the two parties agreed on a single arbitrator.

In general, the agreement seem valid, and have been concluded in accordance with reasonable ordinary work practices. Re-Takaful Agreements with Swiss Re shall be transferred to the company after its incorporation.

14-4-5 Information Technology Agreements

The Programs and Development Agreement ("Programs Agreement") was concluded on 01/06/2009 between Bank Aljazira and Aetins Company ("Aetins") previously known as (Pentasoft Malaysia Sdn Bhd) to use the following programs: Penta Takaful Version 2, Penta Financials, and Penta Takaful (Penta Illustrate and Penta Agent) ("Programs") which will be developed by Pentasoft according to the specifications and requirements of Bank Aljazira as included in the agreement. This agreement shall be transferred to the company upon incorporation.

Under this agreement, Bank Aljazira pays the sum of 119,826 Malaysian Ringgit (equivalent to around 147,785 Saudi Riyal) for technical support, in addition to the sum specified in the third table attached to the agreement in relation to the additional services. These fees may be revised annually by Aetins as a result of inflation according to the Malaysian Consumer Prices Index (CPI).

Bank Aljazira is permitted to use the programs to develop its electronic work globally, provided it abides by the following: (a) To have only one production server; (b) To establish and manage support and maintenance to Pentasoft centrally; and (c) The size of the demands shall be as if the sales operations are originally meant for the Kingdom of Saudi Arabia only.

Programs arrive with a 90 days warranty from the date of acceptance or considered acceptance according to the provisions of the programs agreement.

In addition to the standard provisions to end the agreement, it can be ended in the following cases: (a) Immediately and as soon as a notice is sent by the non-violating party when the violating party had committed a violation he is unable to rectify, or in case of the ability to rectify the violation, the violating party had not taken any appropriate action to rectify the said violation within 30 days from the notice submitted by the non-violating party on the matter, or that he did not continue to make effort in that respect; (b) Or by either party if the other party was liquidated, a receiver was appointed for all or part of his assets, if a decision was issued to liquidate him, if he submitted a bankruptcy request, or if he reached any agreement with his creditors; (c) By Bank Aljazira if Aetins did not fulfil its obligations within the agreed upon time, unless otherwise agreed; (d) When Aetins sends a notice of 30 days when Bank Aljazira defaults on the payment of any due sums for 30 days past their due date.

The agreement is also ended without any compensation to any party if (a) This termination was by an administrative decision or in accordance with any law by any government or competent authority or (b) Making a decision by any authority obliging any party not to perform its duties as stipulated in the agreement.

Within (30) days from the date of agreement termination, Bank Aljazira shall stop using the programs and destroy the programs and documents including all copies and notify Aetins of that.

Bank Aljazira may not waiver the agreement without the prior written consent of Aetins, but Aetins may waiver the agreement after acquiring the consent of the bank. Aetins may also participate with individuals to implement the agreement. Taking into account that the company received a no objection from Aetins with respect to transferring the agreement to it after incorporation.

The agreement is subject to the Malaysian law, and any dispute arising there from shall be settled amicably through the of both parties, and in case this was not possible, the dispute shall be referred to the executive director of each party.

If the dispute could not be resolved amicably, it shall be resolved through arbitration according to the Arbitration Law of 2005. Arbitration shall be held at Kuala Lumpur Arbitration Centre.

14-4-6 Actuarial Services Agreement

Bank Aljazira and Manar Segma Company for Financial Consultancies ("Manar") concluded on 25 March 2012G an agreement for the development of products/services, test profitability, and acquire the Saudi Arabian Monetary Agency approval on the product for 400,000 Saudi Riyal.

Neither party may waiver the agreement without acquiring the written consent from the other party unless the waiver was to an affiliate company or in an acquisition.

This agreement shall expire at the conclusion of these services, and it may be terminated by either party at any time by submitting a written notice to the other party in a period not less than thirty days prior to the termination date. Manar may terminate it in case of any decision by any authority or entity, or the issuance of any law and decision preventing Manar from meeting its obligations, or in case one of Manar's clients comes to own 20% of the company.

This agreement shall be interpreted according to the provisions of the Saudi law, and in case of any disagreement, the parties have agreed to attempt to resolve it amicably within 30 days from sending a written letter to that effect to the other party. If this was not possible, they will resort to litigation.

This agreement will be transferred to the company after its incorporation.

14-5 Real Estate

14-5-1 Real Estate Property Deeds

The company does not own any real estate. The company shall exercise its work through the least real estate mentioned in the paragraph below.

14-5-2 Lease Agreements

Bank Aljazira, in its capacity as a lessor, concluded seven lease contracts related to offices for Takaful Ta'awuni Department covering nine locations in Riyadh, Jeddah, Dammam, Holy Mecca and Medina. The term of the lease agreements range from one to fifteen years, while the annual lease of property ranges from 100,000 to 750,000 Riyal. All these contracts are subject to the Saudi law. Taking into account that the company received a no contest from the owners with respect to transferring the agreement to it after incorporation.

The lease agreements will be transferred to the company upon incorporation.

14-6 Intellectual Property

In its capacity as a joint stock company under incorporation, the company does not have at the moment any trademark (including its logo), copyrights, patents, or any other intellectual property rights registered in its name in any region where the company business other than its commercial name registered with the Ministry of Commerce.

The company plans to take the necessary steps after its incorporation to protect its trademarks through registering these trademarks in the Kingdom of Saudi Arabia and other main markets where the company operates to enable it to protect its trade name and support its image in the market.

The following is a model of the company's trademark, which the company intends to register after its incorporation:



14-7 Litigation

The founding shareholders, including Bank Aljazira, as on the date of this prospectus, reaffirm that none of them is a party in any litigation case, arbitration, claim or administrative procedures that would fundamentally have a negative effect on the company activity, its financial position, or the insurance portfolio and that to the extent of their knowledge, there is no similar litigation or arbitration trial, claim or administrative procedures existing or threatening to be filed.

With respect to the Takaful Ta'awuni Department in Aljazira Bank, and within the course of regular work, eight claims pertaining to Bank Aljazira insurance operations and the cover provisions and employees were submitted, the maximum value of any of these claims does not exceed 295,000 Saudi Riyal. In addition to this, these claims will not be transferred to the company after its incorporation, and under a pledge letter dated 09/07/2012G, Bank Aljazira committed pledged to clear the company of responsibility and to be fully responsible for any legal or financial obligation that may result from these cases till the acquisition date.

15 Description of Shares

15-1 Capital

The capital of Aljazira Takaful Ta'awuni capital was set at (350,000,000) three hundred and fifty million Saudi Riyal comprised of (35,000,000) thirty five million shares with a nominal value of (10) ten Riyals per share, all of which are ordinary shares. The founding shareholders subscribed in a number of company shares equal to (24,500,000) twenty four million five hundred thousand shares and they have paid the full value of the shares with the sum deposited in the company account No. 0021258566001 at Bank Aljazira, with the remaining sum of (105,000,000) one hundred and five million Saudi Riyal divided into (10,500,000) shares to be offered for IPO.

The extraordinary general assembly, after confirming the economic feasibility and upon the consent of the competent entities may decide to increase the company capital once or several times by issuing new shares of the same nominal value of the original shares, provided that the original capital has been paid in full and taking into account the provisions of the Cooperative Insurance Companies Control Law and its Implementing Regulations, the Companies Law and the Agency Law. The decision shall determine the method of increasing capital and the original shareholders shall have priority to subscribe into the new cash shares. These new shares shall be distributed on the original shareholders who asked to subscribe according to the percentage of the original shares they own, provided that what they get does not exceed what they asked from the new shares, and the remaining shares shall be offered for IPO.

It is possible by a decision from the extraordinary general assembly based on acceptable justification and after the consent of the Minister of Commerce and Industry, the Monetary Agency and the Authority, to decrease the company capital if it exceeded its need or if the company suffered losses. The decision shall not be issued till after reading the auditors' report regarding the reasons for it, the obligations on the company, the effect of the reduction on these obligations, and taking into account the provisions of the Companies Law. The decision shows the method of reduction and if this reduction was a result of capital exceeding the need of the company it shall be necessary to invite the creditors to voice their objections to it within sixty (60) days from the date of publishing the reduction decision in a daily gazette distributed in the city where the company headquarters is based. If any of the creditors objected and submitted his documents to the company on the set date, the company shall have to pay him his debt if current or give him sufficient guarantee for paying it if it was deferred.

15-2 Shares and Resulting Restrictions

The company shares shall be nominal and no shares may be issued at less than their nominal value, but they can be issued at a higher value, provided that the difference in value is added to the obligatory reserve of the company even if it reached its maximum. The share shall not be divided if owned by several people unless they appoint a single person to act on their behalf in exercising their rights pertaining to the said share, in which case, they shall be collectively responsible for any obligations resulting from the ownership of the share.

The transfer in the ownership of the share shall be subject to the regulations in force on the companies listed in Tadawul. Any transfer of ownership conducted under other than these regulations shall be invalid.

The trading of the shares shall be subject to the laws and regulations applied on the companies listed on the Saudi Stock Market "Tadawul" and any trading that does not comply with these provisions shall be considered void. The company must, in accordance with Article 38 of the Implementing Regulations of the Insurance Law, notify the Saudi Arabian Monetary Agency of the percentage of ownership of any person owning 5% or more of the company through the quarterly report.

It is also necessary for any natural person or legal entity owning 5% or more of the company shares to notify the Saudi Arabian Monetary Agency, in writing, of the percentage of ownership and any changes to that percentage within five working days of the said change.

The cash shares subscribed into by the founders cannot be traded before publishing the financial statements for three full fiscal years, each of which is not less than twelve months from the date of company incorporation. These provision shall apply on what the founders subscribe in, in case of increasing the capital after the end of the ban period, yet during the ban period, it is possible to transfer the ownership of the cash shares according to the provisions of selling rights from one founder to another or one of the board members to give them as a guarantee to the department to any of the founders' heirs in case of his death to others.

13-3 Shareholders Rights

Each shareholder who owns a minimum of twenty shares shall have the right to attend the general assemblies for shareholders in person or by proxy, and any shareholder may appoint another shareholder, who is not a member of the board of directors to attend the meeting of the general assembly for shareholders on his behalf.

The company statute did not address the ability to re-purchase its shares, and accordingly, it should be referred to the Companies Law, specifically Article (104), which allows for the consumption of the shares to be by the company's purchase of its shares, provided that its price is less than its nominal value, or equal to its nominal value if it was a project that is depleted gradually or one that is based on temporary rights, as read with Article (105) of the Companies Law, which allows the company to purchase its shares if the objective of the purchase was to deplete the shares or lower the capital, or if the shares were among the group of funds, such as assets or liabilities, purchased by the company with its money.

15-4 Voting Rights

Each shareholder who owns a minimum of twenty (20) shares shall have the right to attend the general assemblies in person or by proxy, and any shareholder may appoint in writing another shareholder who is not a member of the board of directors to attend the meeting of the general assembly. Votes at the ordinary and extraordinary general assemblies shall be calculated on the base of one vote per share represented in the meeting. As for the Constituent General Assembly, any shareholder may attend it without a minimum number of owned shares

The decisions at the constituent and ordinary general assemblies shall be passed by the absolute majority of the shares represented in them. The decisions of the extraordinary general assembly shall be passed with the majority of two thirds of the shares represented at the meeting, unless the decision was related to increasing or decreasing the capital, extending the duration of the company, liquidating the company before the end of its duration as stipulated in its statute, or by the merger of the company or merging it in another entity, then the decision shall not be valid unless passed with the majority of three quarters of the shares represented at the meeting.

Each shareholder shall have the right to discuss the topics listed on the agenda of the general assemblies and ask questions about them to the members of the board of directors and the auditor. The board of directors or the auditor shall answer the questions of the shareholders to the extent that does not subject the interest of the company to harm and if the shareholders finds the response to his question not convincing, he shall invoke the decision of the assembly, and its decision on the matter shall be final.

15-5 Shareholders General Assembly

A properly formed general assembly shall represent all shareholders and shall be held in the city where the company headquarters is.

The general assemblies for shareholders shall be either ordinary or extraordinary. With the exception of the matters particular to the extraordinary general assembly, the ordinary general assembly shall be in charge of all matters related to the company, shall be held at least once a year within the six (6) months following the end of the fiscal year of the company. Other general assembly meetings can be invited whenever necessary.

The extraordinary general assembly shall be in charge of amending the company statute except for the provisions it is generally not permitted to amend, and it may issue decisions of matters that fall under the competence of the ordinary general assembly under the same terms and conditions for the last assembly.

The meetings minutes of the invitation to hold a general assembly meeting shall be published in the Official Gazette and a daily paper that circulates in the city where the main headquarters of the company is at least twenty five (25) days before the date set for the meeting. A copy of the invitation and the agenda shall be sent to the competent entities within the specified period for publication.

The meeting of the ordinary general assembly shall not be valid unless attended by shareholders representing at least fifty percent (50%) of the capital, if this quota was not met, an invitation will be sent for a second meeting to be held within the thirty (30) days following the previous meeting. The invitation shall be notified by the method mentioned in Article (88) of the Companies Law. The second meeting shall be considered valid regardless of the number of shares represented in it.

The meeting of the extraordinary general assembly shall not be valid unless attended by shareholders representing at least fifty percent (50%) of the capital, if this quota was not met in the first meeting, an invitation will be sent for a second meeting to be held within the thirty (30) days following the previous meeting. The second meeting shall be considered valid if attended by a number of shareholders representing at least a quarter of the capital.

The general assembly shall be presided by the chairman of the board of directors or whom he delegates in his absence, and the assembly shall appoint a secretary and vote counter for the meeting. Meeting minutes shall be recorded and will include the names of the shareholders present or represented, the number of shares they possess in person or in lieu, the number of votes decided for it, the decision passed, the number of votes in favour and the number of votes against, and a comprehensive summary of the discussions that took place at the meeting. The minutes shall be recorded regularly after each meeting in a special register signed by the assembly chairman, its secretary and vote counter.

15-6 Company Duration and Liquidation

The duration of the company is ninety nine (99) Gregorian years beginning from the date of the Minister of Trade and Industry's decision to announce its incorporation. It is always possible to extend the duration of the company with a decision by the extraordinary general assembly at least one year before the expiry of its duration. After acquiring the approval of the Monetary Agency and the Authority.

At the end of the company duration and in case it is liquidated before the set duration, the extraordinary general assembly shall decide, upon a proposal by the board of directors, the method of liquidation. It shall appoint one or more liquidators and determine their competencies and fees.

The authority of the board of directors shall end with the expiry of the company, yet it shall continue to manage the company till the appointment of the liquidator. The company entities shall continue to have their competencies to the extent that does not contradict with those of the liquidators.

It shall be taken into account at the time of liquidation to maintain the rights of the subscribers in the surplus of the Takaful operations and formed reserves as stipulated in the statute.

16 IPO Underwriting



Underwriter

Name of Underwriter:

Albilad Investment Company

Al-Wurud District - King Abdullah Road

P.O. Box 140 Riyadh 11411

Kingdom of Saudi Arabia

Tel: +96612039888

Fax: +96612039899

Website: www.albiladinvest.com

Number of shares of initial rights:
10,500,000 ordinary shares.

Share price: 10 Riyal per share.

Underwriting sum: 105 million Riyal

16-1 Summary of IPO Underwriting Arrangements

Under the terms and conditions mentioned in the IPO Underwriting Agreement between the company and the IPO underwriter:

The company pledges to the IPO underwriter that on the allocation date, it shall issue and allocate to the underwriter all the shares offered for underwriting in that IPO in which the targeted shareholders did not subscribe at the subscription price.

The IPO underwriter pledges to the company that on the allocation date, he shall purchase the shares to be underwritten in this IPO, which shall be subscribed into by the deserving shareholders and which were not subscribed into by the deserving shareholders as additional shares at the subscription price.

17 Fees and Expenses

The total offering expenses reached (5,403,311) five million three hundred sixty one thousand seven hundred and fifty four Saudi Riyal including the fees for the financial advisor, subscription director, underwriter and receiving banks.

The company pays the IPO underwriter underwriting fees on the basis of total returns from the subscription offering, which shall be paid to the underwriter according to the agreed upon underwriting shares. The company shall also pay the (reasonable) fees and expenses pertaining to the IPO to the IPO underwriter.

18 Exemptions

Under Article 26 (d) (1) of the registration and listing regulations, The Authority exempted the company from some of the Listing Rules items as the company is currently a joint stock company under incorporation and are not subject to these requirements. The following are details of all the requirements from which the Authority exempted the issuer:

Article	Description
11(b)	The issuer must have exercised itself whether directly or through one or more of its affiliate companies a principle activity within at least three fiscal years under the supervision of a department that have not in total changed fundamentally.
11(c)	The issuer must have published its audited financial statements for at least the three previous fiscal years.

19 IPO Conditions and Instructions

All prospective subscribers must read the IPO terms and conditions very carefully before continuing filling the subscription application, as signing and submitting the subscription application is considered an statement of accepting and agreeing on the mentioned terms and conditions of the IPO.

19-1 IPO Information

An application was submitted to the Capital Market Authority to accept the listing and registration of the shares, and this has been approved according to the Capital Market Law issued by Royal Decree No.M/30 dated 2/6/1424H and the Listing Rules issued by the Capital Market Authority Board under Resolution No. 3-11-2004 dated 20/8/1425H as amended by the Capital Market Authority Board Resolution No.1-4-2012 dated 28/2/1433H.

(10,500,000) ordinary shares with a total value of (105,000,000) Riyal shall be offered. At a nominal value of 10 Riyal per share and an offer price of 10 Riyal per share.

The offer shall be in the Saudi market and the shares will not be offered in any other market at the same time.

19-2 Subscription to the Shares

Signing the subscription application and submitting it to the subscription director or the receiving entities represents a binding agreement between the company and the subscriber.

Under this IPO, (30%) percent of the total shares of the company shall be offered for IPO.

The subscription application and listing acceptance has been submitted to the Capital Market Authority with subscription limited to natural Saudi persons, also a Saudi woman who is divorced or widowed, who has minor children with a non-Saudi husband may subscribe in their names in her interest, provided that she submits proof that she is divorced or widowed, and proof that she mothered the minors.

Subscription in the name of legal entities such as companies, banks, investment funds or individual establishments shall not be accepted. Subscription forms shall be made available during the IPO period at the branches of the IPO director and receiving entities. It is also possible to subscribe online, through telephone banking, or ATM at any of the receiving entities that offer one or more of these services to the subscribers who had previously subscribed in any of the IPOs offered recently, under two main conditions:

1. The presence of a bank account offering these services at the receiving entities.
2. The absence of any amendment to the subscriber's data, such as the deletion or addition of any family members.

This prospectus and the subscription application forms can be requested from the following receiving entities:

Bank Aljazira

Headquarters: King Abdul Aziz Road
P.O. Box 6277, Jeddah 21442,
Kingdom of Saudi Arabia
Tel: +966 2 6098888,
Fax: +996 2 6098881
Website: www.baj.com.sa



Al Rajhi Bank

Headquarters: Al-Ulayya Public Road
P.O. Box 28, Riyadh 11411,
Kingdom of Saudi Arabia
Tel: +96612116000,
Fax: +966 1 4600705
Website: www.alrajhibank.com.sa



Riyad Bank

Headquarters: King Abdul Aziz Road

P.O. Box 22622, Riyadh 11416,
Kingdom of Saudi Arabia

Tel: +966 1 4013030,

Fax: +996 1 4042707

Website: www.riyadbank.com



Saudi Hollandi Bank

Headquarters: King Abdul Aziz Road

P.O. Box 1467, Riyadh 11431,
Kingdom of Saudi Arabia

Tel: 00966-1-4010288, 00966-1-4067888

Fax: 00966-1-4031104

Website: www.shb.com.sa



Bank AlBilad

Al-Malath District, Al-Setin Street

P.O. Box 140

Riyadh 11411

Tel 00966 1 4798888

Fax 00966 1 4798898

www.bankalbilad.com



It is also possible to get this prospectus from the website of the Capital Market Authority: www.cma.org.sa

IPO applications shall begin to be received at the branches of the receiving entities in the Kingdom from 03/07/1434 (corresponding to 13/05/2013) to 09/07/1434 (corresponding to 19/05/2013G), for (7) days. When signed IPO application is submitted, the IPO director or the receiving entity shall stamp the application and provide the subscriber with a copy thereof. The subscription application shall be considered cancelled in the following cases:

- Proved inaccuracy or incomplete information submitted in the IPO application
- Non-payment of the full value of the shares to be subscribed in as specified in the IPO application, which is equivalent to the number of required shares for subscription times the subscription price. This sum shall be deducted from the subscriber's account at the receiving entities, and if the subscribers did not have an account at any of the receiving entities, it shall be necessary for him to open an account according to the directions of the Monetary Agency.
- Not stamping the subscription application by the receiving entity
- If the number of shares required for subscription is more than one hundred thousand shares or less than fifty shares.

During the subscription period, no identity document shall be accepted other than a valid residency for non-Saudis, a passport or birth certificate is not acceptable, taking into account that non-Saudi dependents may not subscribe in the capacity of main subscribers, instead they can only be included with the mother, provided they are under 18 years of age. In case of submitting any document issued by a foreign government, the said document must be certified by the Saudi Consulate or Embassy in the competent country.

Each shareholder must submit the subscription application form during the offer period supported by the following documents as applicable:

- Original and copy of the civil status card (individual subscriber);
- Original and copy of the family register (when the subscriber is a member of a family);
- Sufficient amount equivalent to the number of shares required for subscription multiplied by the subscription price
- Original and copy of the official power of attorney deed (when subscription is on behalf of others);
- Original and copy of the official guardianship deed (when subscription is on behalf of orphans);
- Original and copy of the divorce certificate (when subscription is on behalf of the children of a divorced Saudi woman);
- Original and copy of the death certificate (when subscription is on behalf of the children of a widowed Saudi woman);
- Original and copy of the birth certificate (when subscription is on behalf of the children of a divorced or widowed Saudi woman);

Official power of attorney is accepted from only a first degree relative (parents and children). In case of submitting a subscription application on behalf of the subscriber, the mention of the signatory on behalf of the subscriber must be mentioned in the subscription application form and attach the original and copy of a power of attorney proving the authority of that person to act on behalf of the subscriber. The power of attorney must be issued by a notary public for persons residing in the Kingdom. And for those residing abroad, the power of attorney must be certified by the Saudi Embassy of Consulate in the concerned country. The receiving entities shall compare the copies and the originals and return the originals to the applicant.

In accordance with the instructions of the Saudi Arabian Monetary Agency, the full value of the subscribed offered shares must be paid in full to one of the branches of the receiving entities through authorization to deduct them from the subscriber's account at those receiving entities, when the subscription application form is submitted.

Completing one subscription application for the main subscriber shall be sufficient for the main subscriber and the family members listed on the family register if the family members were going to subscribe in the same number of shares as requested by the main subscriber. This shall result in the following:

- All the shares allocated to the main subscriber and affiliate subscribers shall be registered in the name of the main subscriber
- All surplus sums from the non-allocated shares shall be refunded to the main subscriber
- The main subscriber shall get the full profits from the shares distributed on the shares allocated to him and those affiliated with him.
- A separate subscription application shall be submitted in the following cases
- If it was required to register the shares that will be allocated in the name of another person other than the main subscriber / head of family
- If the affiliate subscribers wished to subscribe in a number of shares different from the main subscriber
- In case the wife wished to subscribe in her name to her account, she must complete an independent subscription application, as then the subscription application submitted by her will be approved, the allocated shares will be added to her account and the husband's subscription in her name will be cancelled.
- The subscriber shall have to state his approval of the subscribing into specific shares and own that number of them in the subscription applications submitted by the subscriber for a sum equal to the number of shares required for subscription multiplied by the subscription price of (10) ten Saudi Riyal per share.
- The following conditions must be met for the subscriber to be able to own that number of shares allocated to him:
- The subscriber must submit a subscription application form to any of the receiving entities

The subscriber shall pay the total value of the shares in which he subscribed in full to the receiving entity

19-3 Allocation and Return of Surplus

The subscription director and receiving entities shall open and operate temporary special accounts under the name "IPO in Aljazira Takaful Ta'awuni Company". The subscription director and the receiving entities must deposit the sums collected from subscribers in the mentioned account.

(50) shares shall be allocated as a minimum for each subscriber with the remaining shares offered for subscription allocated on a relative basis according to each application. The company does not guarantee the minimum allocation of (50) shares in case the number of subscribers exceeded [(210,000) two hundred and ten thousand] subscribers, then the allocation shall be as decided by the Capital Market Authority. The subscription surplus (if any) shall be returned to the subscribers without any commissions or deductions by the subscription director or the receiving entities.

It is expected to announce the allocation of the offer shares to each applicant and return the surplus money to the applicant without deducting any commissions at a maximum time of 16/07/1434H (corresponding to 26/05/2013G. The subscription director shall publish an announcement in the local papers issued in the Kingdom of Saudi Arabia to notify the mentioned the applicants and request the receiving entities to begin the process of returning the surplus sums.

The receiving entities shall send confirmation letters /notifications to their subscribers informing them of the final number of shares allocated and the subscription surplus sum if any. The surplus sum shall be refunded in full without any fees or the deduction of any sum by registering them in the subscribers accounts at the receiving bank. The subscribers must contact the branches of the receiving entities where the subscription was submitted to receive any additional information.

19-4 Statements

By completing and signing the subscription application form, the applicant states the following:

- Agrees to subscribe in the offered shares at the number specified in the subscription application form.
- States that he had reviewed the prospectus and all its contents and understands its content.
- Agrees to the company statute and all the terms and conditions of the subscription as mentioned in the prospectus and subscription application form.
- Retains his right to sue the company for damages to him as a result of incorrect or incomplete information mentioned in the prospectus, or as a result of overlooking fundamental information that are supposed to be part of the prospectus and affect the investment decision of the subscription applicant.
- States that neither he or any member of his family included in the subscription application form have previously subscribed to the company shares.
- Accepts the number of shares allocated to him and all the terms and conditions of the subscription as present in the prospectus and subscription application form and that he knows that the company has the right to refuse all applications in case of repeating the subscription application;
- He pledges not to cancel or amend the subscription application after delivering it to the subscription manager or the receiving entities.

19-5 Miscellaneous Clauses

The subscription application and all related terms, conditions and pledges shall be binding and for the benefit of its parties, their successors, assignors to their favour, will executors, legacy managers and heirs. Other than what is specifically stipulated in this prospectus, an application or any rights, interests or obligations arising there from cannot be assigned or delegated to any of the parties mentioned in this prospectus without acquiring a prior written consent from the other party.

These terms and conditions and the receipt of subscription application or the contracts resulting thereof are subject to and shall be interpreted according to the laws and regulations in force in the Kingdom.

19-6 Registering Shares and Transaction Arrangements

Tadawul keeps a register of the shareholders that includes their names, nationalities, residential addresses, occupations, the serial numbers of the shares they own and the sums paid of the value of these shares.

19-7 Saudi Stock Market (Tadawul)

The Saudi Capital Market has remained unofficial till the early eighties when the government started looking into finding a regular market for trading and finding the necessary systems for that. In 1984, a ministerial committee was formed from the Ministry of Finance and National Economy, Ministry of Commerce and the Monetary Agency with the objective of regulating and developing the market. The Monetary Agency was the government entity concerned with regulating and Supervision of the market till the formation of the Capital Market Authority on 2/6/1424H corresponding to 8/1/2003G under the "Capital Market Law" issued under Royal Decree No. (M/30), which supervises the regulation and control of the capital market through the issuance of the laws and regulations aiming to protect investors and guarantee justice and competence in the market.

The Saudi Council of Ministers agreed at the meeting held on Monday 29 Safar 1428 corresponding to 19/3/2007, presided over by the Custodian of the Two Holy Shrines King Abdullah bin Abdul Aziz, to establish a Saudi joint stock company under the name of "Saudi Capital Market Authority (Tadawul)". The decision comes in implementation of Article Twenty of the capital Market Law which stipulates for the official capacity of the capital market to be that of a joint stock company.

The Tadawul System completely covers the trading process beginning with executing the deal and ending with the settlement. Trading is conducted over one period from 11am to 3:30pm. During which the orders are carried out. While outside these times, it shall be permitted to enter, amend or cancel orders from 10am till 11am. Orders can also be amended and cancelled from 3:30pm to 4:30pm. New listings and queries can be submitted as of 10am for the opening session (which starts at 11am). These times may change in Ramadan and shall be announced by Tadawul management.

Deals shall be carried out through an automatic machine of the orders, with the priority of the order received and determined according to the price. In general, market orders are carried out first, followed by price-specified orders. In case of entering several orders under the same price, they shall be carried out according to the time of their entry.

The trading system shall distribute a comprehensive scope of information through various channels, the most prominent of which is Tadawul website and providing market information immediately to licenses information providers. The deals are settled immediately during the day, meaning that any transfer of shares is done immediately after the execution of the deal.

The company must disclose all decisions and information of importance to investors through Tadawul system. The Tadawul Departments shall be responsible for Supervision of the market for the purpose of guaranteeing the fairness of the trading and the efficiency of the market operations.

19-8 Shares Trading

It is expected to start the trading of the company shares after the final allocation of the company shares and announcing the incorporation of the company. An announcement shall be made in the stock market "Tadawul" to that respect. The dates and times mentioned in this prospectus are considered preliminary dates mentioned for reference only and can be changed or extended with the consent of the Capital Market Authority.

The offered shares cannot be traded till after approving the allocation of shares in the accounts of the subscribers in the market. As well as registering the company on the official list and listing its shares on the stock market "Tadawul", it is completely prohibited to trade in them. The subscribers who deal in these banned activities of trading shall be fully responsible for them, and the company will not have any legal liability in that case.

Founding shareholders are subject to the restriction of not being allowed to dispense with their shares for three full fiscal years at least twelve months each ("Ban Period") from the date of company incorporation. The consent of the Capital Market Authority and the Monetary Agency must be acquired before any of the founding shareholders could sell and shares after the restriction period, also the Monetary Agency and the competent authorities must be notified of ownership shares that exceed (5%) five percent, and any changes to these percentages

As the shares have not been traded before, there will not be any change in the share price before being listed on the capital market.

19-9 Times and Conditions when Listing may be Suspended

Based on Article 35 of the Registration and Listing Regulations, the Authority may suspend or cancel the listing at any time in particular cases including for example and without limitation (when it finds it necessary to protect the shareholders or the market, if the company fundamentally failed to abide by the system and its regulations, if it did not meet the liquidity requirements, if the levels of company operations and assets did not rationalize the continued trading from the Agency point of view, or also if the Authority finds that it is no longer appropriate to continue listing the company shares on the market).

Also, and based on both articles 36 and 37 of the Registration and Listing Regulations, the company may voluntarily cancel or suspend the listing of the shares after getting the approval of the Authority, provided that after that it is committed to acquiring the approval of the extraordinary general assembly for shareholders. It shall be committed to quickly announce the reason for suspending the listing and its duration or the cause of the cancellation and the nature of the incident that caused the suspension or cancellation, as well as the effect on the company activity in accordance with the Authority laws and regulations. The company may also submit an application to the company for a temporary suspension, and it can accept or reject the application at its own discretion and as it sees fit.

20 Documents Available for inspection

The following documents shall be made available for auditing at the company headquarters located in Jeddah City, Medina Road Musadiya- Centre between 10am and 4pm two weeks before the IPO period and during the IPO:

Incorporation contract of the company

- Proposed company statute
- Council of Ministers Resolution No. (137) dated 24/4/1431 approving the company license
- Royal Decree licensing the incorporation of the company No. (M/23) dated 28/4/1431H
- Capital Market Authority approval to offer the shares for IPO
- Written approvals by the advisors to refer to them in the prospectus
- A copy of the Monetary Agency Initial approval
- Underwriting Agreement
- Chartered accountant's report on the future financial statement
- Transfer Services Management Agreement of the bank clients' portfolio according to the memorandum dated 26/6/2012G
- Pledge letter issued by Bank Aljazira dated 9/7/2012G pertaining to clearing the company and holding it non-labile
- Draft agreement with Bank Aljazira to transfer works
- Global Insurance Reports for 2011 from Swiss Re
- Saudi Insurance Market Report by the Saudi Arabian Monetary Agency

Annex 1: Future Financial Position Report



The Nominated Directors
Aljazira Takaful Taawuni Company (Joint stock company under formation)
P.O.Box 6277,
Jeddah 21442
Kingdom of Saudi Arabia

BMG Financial Group (the "Financial Advisor")
Al Mukmal Plaza, 5th floor,
Al Hamra District,
P.O. Box 52972
Jeddah 21573
Kingdom of Saudi Arabia

Date: March 3, 2013

Special Examination Report on the Prospective Balance Sheet to the Shareholders of Aljazira Takaful Taawuni Company (Joint stock company under formation)

We have examined the accompanying prospective balance sheet of Aljazira Takaful Taawuni Company (Joint stock company under formation) (the "Company") as of as at July 1, 2013 (the anticipated inception date), including the related notes attached thereto which form an integral part of the Prospective Balance Sheet. This Prospective Balance Sheet is the responsibility of the Company's management (the "Management"). Our responsibility is to express an opinion on the Prospective Balance Sheet of the Company and the notes attached thereto based on our examination.

Our examination was conducted in accordance with the standard on the prospective financial statements issued by the Saudi Organization for Certified Public Accountants ("SOCPA") and included such procedures as we considered necessary to obtain a reasonable degree of assurance to enable us to express an opinion on the assumptions used by Management for the preparation and presentation of the Prospective Balance Sheet.

In our opinion, the accompanying Prospective Balance Sheet is presented and disclosed in conformity with the requirements of the standards on prospective financial statements issued by SOCPA and management assumptions provide a reasonable basis for the preparation of this Prospective Balance Sheet. However, as events frequently do not occur as planned, the expected financial position presented in the accompanying Prospective Balance Sheet might not be achieved, and the difference between the expected and actual financial position might be material. We have no responsibility for updating this special examination report based on events and circumstances that occur after the date of our report.

This report is required by the Capital Market Authority of the Kingdom of Saudi Arabia and is given for the purpose of complying with that requirement and for no other purpose.

Omar M. Al Sagga
Partner
License Number 369

PricewaterhouseCoopers, Jameel Square, P.O. Box 16415, Jeddah 21464, Kingdom of Saudi Arabia
T: +966 (2) 610-4400, F: +966 (2) 610-4411, www.pwc.com/middle-east

License No. 25, Licensed Partners: Omar M. Al Sagga (369), Khalid A. Mahdher (368), Mohammed A. Al Obaidi (367), Ibrahim R. Hubib (385), Yaseen A. Abu Alkheir (375), Ali A. Alotibi (379)

Aljazira Takaful Company Ta'awuni

(joint stock company under incorporation)

PROSPECTIVE BALANCE SHEET

As of July 01, 2013 ("Anticipated Inception Date")

(All amounts in Saudi Riyals unless otherwise stated)

	Note	
Assets		
Current assets		
Cash and cash equivalents	3	351,732,740
Accrued profit on Naqqa'a deposit	3	1,182,107
		352,914,847
Non-current assets		
Pre-operating expenses, net	4	5,521,563
Total assets		358,436,410
Liabilities		
Current liabilities		
Payable to a related party	5	8,436,410
Total Current liabilities		8,436,410
Shareholders' equity		
Share capital	6	350,000,000
Total shareholders' equity		350,000,000
Total liabilities and shareholders' equity		358,436,410

The accompanying notes form an integral part of this Prospective Balance Sheet.

Aljazira Takaful Ta'awuni Company

(Joint stock company under formation)

Notes to the prospective balance sheet as of July 01, 2013 (Anticipated Inception Date)

(All sums are in Saudi Riyal unless otherwise mentioned)

1. Organisation and Activity

Aljazira Takaful Company (the "Company"), is a Saudi joint stock company under formation pursuant to the Ministerial Resolutions No. 137 dated Rabi' al-thani, 27 1431H (corresponding to April 12, 2010) and Royal Decree No. M/23 dated Rabi' al-thani 28, 1431H (corresponding to April 13, 2010).

The objectives of the Company are to engage in providing protection and saving insurance products and related services in accordance with its Articles of Association, and applicable regulations in Saudi Arabia.

The Company's authorized capital amounts to Saudi Riyals 350 million (35 million shares with a par value of SR 10 per share).

The Founders listed in Note 6 to the prospective balance sheet collectively own 70% of the Company's share capital. The remaining 30% of the share capital will be offered for public subscription as set out in Note 6.

The inception date of the Company is expected to be July 1, 2013 (the "anticipated inception date"), which is the date the Company expects to receive its commercial registration.

2. SIGNIFICANT ACCOUNTING POLICIES

The prospective balance sheet has been prepared in accordance with the accounting standards issued by the Saudi Organization for Certified Public Accountants ("SOCPA") as per the requirements of the Capital Market Authority ("CMA") for listing on the Tadawul.

The Company will prepare its first year's financial statements after inception in accordance with "International Financial Reporting Standards" ("IFRS") as required by SAMA.

The following is a summary of the Company's significant accounting policies applied in accordance with SOCPA standards:

(A) Accounting Convention

The prospective balance sheet is expressed in Saudi Riyals, is prepared under the historical cost convention using the accrual basis of accounting and on a going concern basis.

(B) Use of estimates

The preparation of the prospective balance sheet in conformity with generally accepted accounting principles requires the use of estimates and assumptions. Such estimates and assumptions may affect the balance reported for certain assets and liabilities as at the balance sheet date. Any estimates or assumptions affecting assets and liabilities may also affect the reported revenues and expenses for the same reporting period. Although these estimates are based on management's most recent views of current and future events and actions, actual results may differ from those estimates.

Aljazira Takaful Ta'awuni Company

(Joint stock company under formation)

Notes to the prospective balance sheet as of July 01, 2013 (Anticipated Inception Date)

(All amounts in Saudi Riyals unless otherwise stated)

c) Cash and cash equivalents

Cash on hand and at banks include cash and liquid investments with original maturities of three months or less at the date of acquisition.

d) Pre-operating expenses

Expenses incurred by the Company during the formation period, the licensing process and related to the Initial Public Offering (the 'Offering') are capitalized and reported as pre-operating expenses.

Under SOCPA standards pre-operating expenses with no future benefit are charged to the statement of income during the first financial period of the Company and pre-operating expenses that have future benefit are amortized using the straight-line basis over seven years or their estimated period of benefit, whichever is shorter. As the Company will be applying IFRS for future financial periods all pre-operating expenses will be charged to the statement of income during the first financial period presented.

e) Accounts payable and accruals

Liabilities are recognised for amounts to be paid in the future for expenditure incurred by the founding shareholders for and on behalf of the Company.

3. Cash and equivalent

Cash and cash equivalents held in escrow account	246,732,740
Projected cash from initial public offering	105,000,000
	351,732,740

Cash and cash equivalents as of the Anticipated Inception comprise cash received from founding shareholders, cash deposited in Naqa'a certificates together with the profit earned on such deposits held in escrow on behalf of the Company.

Projected cash from the initial public offering comprises those funds expected to be received by the Company on its Initial Public Offering.

Profit accrued on Naqa'a deposits represents the profits earned on such deposits but not received as of the Anticipated Inception Date.

4. PRE-OPERATING EXPENSES, NET

Pre-operating expenses as of the inception date comprise the following:

Aljazira Takaful Ta'awuni Company

(Joint stock company under formation)

(All amounts in Saudi Riyals unless otherwise stated)

Statutory charges	926,300
Professional fees*	2,324,980
Offering expenses**	2,923,130
Financing charges***	1,572,000
Other	690,000
	8,394,853
Less: Naqa'a profit earned on founding shareholders contribution	(2,914,847)
Pre-operating expenses, net	5,521,563

* includes legal fees and set up costs of the Company

** includes financial advisor fees, accountants fees, Al-Elm fees and prospectus related costs

*** includes underwriting fees, floatation manager's fee and receiving banks' fees.

Total pre-operating expenses incurred by the Company as of February 23, 2013 amounted to Saudi Riyals 2,528,084.

5. RELATED PARTY TRANSACTIONS AND BALANCES

The balance payable to a related party as of July 1, 2013 represents amounts payable to Bank Aljazira ("BAJ") in respect of pre-operating expenses that will be paid by BAJ on behalf of the Company prior to July 1, 2013. The total balance payable includes Saudi Riyals 2,528,084 already incurred by BAJ as of February 23, 2013. BAJ is one of the founding shareholders of the Company as described in Note 6.

The founding shareholders of the Company and BAJ have entered into a Proposed Transitional Arrangement (the "PTA") dated June 27, 2012. According to the PTA, both parties have agreed to sharing certain resources and terms relating to the cost allocation methodology for a period starting from the anticipated date of inception of the Company to the date of the Business Transfer Agreement ("BTA"). In addition, the Company will manage the insurance portfolio of Bank Aljazira until it is transferred to the Company at a later date to be determined under the BTA.

The costs and resources subject to sharing include payroll costs allocated by BAJ to the Company and costs of other shared resources such as depreciation, rent, maintenance expense and other general and administrative expenses.

All general and administrative costs incurred prior to the commencement of the Company's business and products' approval by SAMA, will be borne by BAJ. Until finalisation and approval of the BTA, the terms of PTA will remain valid.

The Company will charge a management fee to BAJ at agreed percentages of total revenue generated from BAJ's insurance portfolio for fifteen months starting from the date of commencement of the business.

Aljazira Takaful Ta'awuni Company

(Joint stock company under formation)

Notes to the prospective balance sheet as of July 01, 2013 (Anticipated Inception Date)

(All amounts in Saudi Riyals unless otherwise stated)

6. SHARE CAPITAL

The Company's authorized share capital amounts to Saudi Riyal 350 million (35 million shares with a par value of Saudi Riyal 10 per share) of which Saudi Riyal 245 million is issued (24.5 million shares with a paid-in capital per share of SR 10) and is owned by the following founding shareholders:

No.	Name of shareholder	No. of Shares (Unaudited)	Share capital paid (not audited)
1	Bank Aljazira	10,500,000	105,000,000
2	Aljazira Capital	1,750,000	17,500,000
3	Khalifa Abdul Latif Al-Melhem & Partners Co	1,750,000	17,500,000
4	Brothers Union Development Company	1,750,000	17,500,000
5	Al- Qassabi Contracting Company Ltd	1,750,000	17,500,000
6	Khalid Al-Baltan Commercial Investment Co	1,750,000	17,500,000
7	Al-Taj Regional Development Company Ltd	1,750,000	17,500,000
8	Al-Fawasel Regional Investment Co. Ltd	1,750,000	17,500,000
9	Sukuk Regional Investment Company Ltd	1,750,000	17,500,000
	Total founding shareholders	24,500,000	245,000,000
	Total allocated for the IPO*	10,500,000	105,000,000
		35,000,000	350,000,000

*Total allocated for the IPO represents 30% of the share capital of SAR 350 million, amounting to SAR 105 million, which consists of 10.5 million shares at a par value of SAR 10 each to be offered for subscription through an initial public offering. The projected cash receipts are included in the Prospective Balance sheet under current assets.

7. APPROVAL OF PROSPECTIVE BALANCE SHEET

The Prospective Balance Sheet was authorized for issue by management on behalf of the founding shareholder of the Company on March 3rd, 2013.

Annex 2: Special Inspection Report



The Nominated Directors
Aljazira Takaful Taawuni Company (Joint stock company under formation)
P.O.Box 6277,
Jeddah 21442
Kingdom of Saudi Arabia

BMG Financial Group (the "Financial Advisor")
Al Mukmal Plaza, 5th floor,
Al Hamra District,
P.O. Box 52972
Jeddah 21573
Kingdom of Saudi Arabia

Date: March 3, 2013

Dear Sirs:

Independent accountant's report on agreed-upon procedures

Aljazira Takaful Taawuni Company (Joint stock company under formation) ("Aljazira" or the "Company") is under formation with the Ministry of Commerce and Industry pursuant to Ministerial Resolution No. 137 dated Rabi' al-thani, 27 1431H (corresponding to April 12, 2010) and Royal Decree No. M/23 dated Rabi' al-thani 28, 1431H (corresponding to April 13, 2010). We have been appointed by the founding shareholders (the "Founding Shareholders") of the Company as Reporting Accountants to the Company for the purposes of the initial public offering (the "Offering") of the Company's shares.

In connection with the Offering, we have performed the procedures agreed with the Company's Nominated Directors and the Financial Advisor with respect to reporting on certain financial information to be included within the prospectus (the "Prospectus") for the Offering. This financial information is the responsibility of the Nominated Directors of the Company. It is our understanding that the financial information is maintained in accordance with Standards issued by the Saudi Organization of Certified Public Accountants ("SOCPA"). The Nominated Directors and the Financial Advisor are solely responsible for the sufficiency of those procedures for their purposes.

We have performed the procedures in accordance with the Standards issued by the Saudi Organization of Certified Public Accountants ("SOCPA") related to agreed-upon procedures assignments. The procedures were performed to report on whether:

- The pre-operating expenses have been accounted for, and disclosed in the prospective balance sheet of the Company "Prospective Balance Sheet" as at July 1, 2013 (the anticipated inception date), in accordance with the accounting principles applicable to pre-operating expenses as set out in accounting standard No. 17 issued by SOCPA; and
- The cash in respect of equity shares in the Company to be allocated to the Founding Shareholders (the "Founders' Equity Contribution"), as disclosed in the prospective balance sheet of the Company as at anticipated inception date, have been received by the Company.

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License No. 25, Licensed Partners: Omar M. Al Sagga (365), Khalid A. Mahdhar (360), Mohammed A. Al Obaidi (367), Ibrahim R. Habib (383),
Yaseen A. Abu Akhrar (375), Ali A. Alkhatib (378)



A summary of the agreed-upon procedures is as follows:

1. Obtain the Prospective Balance Sheet of the Company as at the anticipated inception date, along with the notes thereon and the forecast trial balance, as of that date, as prepared by the Company. Agree the Prospective Balance Sheet to the forecast trial balance.
2. Obtain detailed statement of account for the pre-operating expenses that are reported in the Prospective Balance Sheet as of the anticipated inception date. Inspect related supporting documents covering 50% of the pre-operating expenses to assess whether these expenses incurred are recorded in accordance with SOCPA and the transactions forecast are in accordance with the Company's Nominated Directors' representation and commercial assumptions.
3. Inspect the bank certificate from Bank Aljazira (the "Bank") regarding the receipt of the Founders' Equity Contribution by the Bank.

As a result of performing the procedures referred to above, we did not find any exceptions to report. However, we would like to report the following:

1. The Prospective Balance Sheet of the Company as at the anticipated inception date, prepared on February 23, 2013, is in agreement with forecast trial balance.
2. Transactions relating to pre-operating expenses, up to February 23, 2013, amount to Saudi Riyals 2,528,084 (30% of total pre-operating expenses). Transactions forecast by the Company for the period from February 24, 2013 to the anticipated inception date, amount to Saudi Riyals 5,908,326 (70% of total pre-operating expenses). The pre-operating expenses we agreed to the Company's records have been recorded in accordance with the SOCPA. Forecast transactions tested were in accordance with the Nominated Directors' representations and commercial assumptions.
3. The proposed share capital of the Company is SAR 350 million. The Founding Shareholders have paid SAR 245 million and the remaining SAR 105 million is proposed to be raised through the Offering. We have been provided a copy of the letter issued by Bank Aljazira, confirming that Founders' Equity Contribution, amounting to Saudi Riyals 245 million, is held by Bank Aljazira for the Company.

Events frequently do not occur as planned, the expected financial position might not be achieved, and the difference between the expected and actual financial position might be material. We have no responsibility for updating this report based on events and circumstances that occur after the date of our report.

Since the above procedures do not constitute an audit or a review in accordance with generally accepted auditing standards issued by SOCPA, we do not express any audit or review assurance on the pre-operating expenses or the Founders' Equity Contribution. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of the Company and BMG Financial Group for the purpose described above. This report, as set out in our engagement letter is for use in the Prospectus, and should not be used for any other purpose without our prior written consent.



This report is required by the Capital Market Authority of the Kingdom of Saudi Arabia and is given for the purpose of complying with that requirement and for no other purpose.

A handwritten signature in blue ink, appearing to read "Omar M. Al Sagga".

Omar M. Al Sagga
Partner
License Number 369



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