

أيه آي جي العربي AIG ANB

AMERICAN INTERNATIONAL GROUP & ARAB NATIONAL BANK COOPERATIVE INSURANCE COMPANY

The offering of 5,250,000 (five million, two hundred fifty thousand) ordinary shares representing 30% of the share capital of American International Group and Arab National Bank Cooperative Insurance Company through an initial public offering at an offer price of SAR 10 per share.

American International Group & Arab National Bank Cooperative Insurance Company is a Saudi joint stock company (under formation) in accordance with Ministerial Resolution No. 119 dated 13/04/1431H (corresponding to 29/03/2010G) and in accordance with Royal Decree No. M/22 dated 15/04/1431H (corresponding to 31/03/2010G).

Offering Period: from 17/07/1434H (corresponding to 27/05/2013G) to 23/07/1434H (corresponding to 02/06/2013G)

American International Group & Arab National Bank Cooperative Insurance Company (referred to hereinafter as the "Company") is a Saudi joint stock company (under formation). The incorporation of the Company has been approved in accordance with Ministerial Resolution No. 119 dated 13/04/1431H (corresponding to 29/03/2010G), Royal Decree No. M/22 dated 15/04/1431H (corresponding to 31/03/2010G) and its amended articles of incorporation notarized by the notary public in Riyadh under page No. 64, number 815, volume No. 28 dated 14/01/1434H (corresponding to 28/11/2012G). The share capital of the Company shall be SAR 175,000,000 (one hundred seventy five million Saudi Riyals) consisting of 17,500,000 (seventeen million five hundred thousand) ordinary shares at a nominal value of SAR 10 (ten Riyals) per share (the "Shares"). Following completion of the Offering and the conclusion of the constituent general assembly meeting, an application shall be submitted to the Minister of Commerce and Industry requesting the announcement of the incorporation of the Company. The Company shall be considered duly incorporated as a Saudi joint stock company from the date of issuance of the Resolution of the Minister of Commerce and Industry declaring its incorporation.

The Initial Public Offering (the "Offering") is of 5,250,000 (five million, two hundred fifty thousand) Shares (each an "Offer Share" and collectively the "Offer Shares"), each at a nominal value of SAR 10 (ten Riyals), representing 30% of the share capital of the Company. The Offering is directed at and is limited to Saudi Arabian natural persons, including a divorced or widowed Saudi woman with minor children from a non-Saudi husband who may subscribe in the name(s) of her minor children for her benefit given that such woman provides evidence of her marital status and that she is the child's mother. The subscription by a person in the name of his divorced wife shall be deemed null. If such subscription is made, the law shall be applied against such applicant. The net proceeds from the Offering, after deducting the Offering expenses and Founding Shareholders' contribution (the "Net Proceeds"), shall be used to meet the requirements of the working capital and to maintain the minimum solvency margin of the Company according to the requirements of the Insurance Law and its Implementing Regulations. The Founding Shareholders (as defined below) shall not receive the Offering proceeds (see "Use of Proceeds" section).

Prior to the Offering, the founding shareholders whose names and ownership percentages in the Company's capital appear on page (xiv) of this Prospectus (referred to collectively hereinafter as the "Founding Shareholders") subscribed for 12,250,000 (twelve million two hundred fifty thousand) Shares at a nominal value of SAR 10 (ten Riyals) per share representing 70% of the total share capital of the Company. The value of the Shares was fully paid by the Founding Shareholders and SAR 122,500,000 (one hundred twenty two million, five hundred thousand Saudi Riyals), were deposited with Arab National Bank. The Founding Shareholders will consequently retain a controlling interest in the Company after completion of the Offering. The Offering is fully underwritten by Saudi Fransi Capital "SFC" (see "Underwriting" section).

The Offering will commence on 17/07/1434H (corresponding to 27/05/2013G) and will remain open for a period of 7 (seven) days up to and including the offering closing date by the end of 23/07/1434H (corresponding to 02/06/2013G) (the "Offering Period"). Subscription to the Offer Shares can be made through branches of each of the Receiving Entities (the "Receiving Entities") mentioned on page (ix) during the Offering Period (see "Subscription Terms and Conditions" section).

Each individual subscriber to the Offer Shares (the "Subscriber" and collectively referred to as the "Subscribers") must apply for a minimum of 50 (fifty) Offer Shares and a maximum of 100,000 (one hundred thousand) Offer Shares. Each Subscriber shall be allocated a minimum of 50 (fifty) Offer Shares with the remaining Offer Shares being allocated on a pro rata basis. The Company does not guarantee the minimum allocation of 50 (fifty) Offer Shares in the event that the number of Subscribers exceeds 105,000 (one hundred and five thousand) Subscribers. In such case, the Offer Shares shall be allocated equally between all Subscribers. If the number of Subscribers exceeds the number of Offer Shares, the allocation shall be determined at the discretion of the CMA. Excess subscription monies, if any, shall be returned to the Subscribers without any charge or withholding by the relevant Receiving Entity. Notification of the final allotment and refund of subscription monies, if any, will be made by 30/07/1434H (corresponding to 09/06/2013G) (see section 17 "Subscription Terms and Conditions" and section 17.2 "Allocation & Balance Refunds").

The Company has one class of shares and no Shareholder benefits from preferential voting rights. Each Share entitles the holder to one vote and each shareholder (the "Shareholder") with at least 20 (twenty) Shares has the right to attend and vote at the general assembly meeting (the "General Assembly Meeting"). The Offer Shares will be entitled to receive any dividends declared by the Company after the Offering Period and its incorporation and for subsequent Fiscal Years (see section 9 "Dividend Policy" and section 15.6 "Material Contracts").

Prior to the Offering, there has been no public market for the Shares in the Kingdom or elsewhere. An application has been made to the CMA for the admission of the Shares to the Official List and all relevant approvals pertaining to this Prospectus and all other supporting documents requested by the CMA in addition to all relevant regulatory approvals required to conduct the Offering have been granted. Trading in the Offer Shares is expected to commence on the Saudi Arabian Stock Exchange ("Exchange" or "Tadawul") soon after the final allocation of the Offer Shares, fulfillment of all relevant regulatory requirements which include completion of the Company's formation and compliance with the mandatory provisions of the Corporate Governance Regulation and the issuance of the Ministerial Resolution announcing the formation of the Company (See "Key Dates for Investors" section). Subsequent to Shares commencing trading, Saudi nationals, non-Saudi individuals holding an Iqama (resident permit) in the Kingdom, foreign investors through SWAP agreements, companies, banks, as well as Saudi and Gulf investment funds and nationals of the GCC countries will be permitted to trade in the Shares.

The "Important Notice" and "Risk Factors" sections in this Prospectus should be considered carefully prior to making a decision to invest in the Offer Shares.

Financial Advisor,
Lead Manager &
Sole Underwriter

السعودي الفرنسي كابيتال
Saudi Fransi Capital



Receiving
Entities



العربي
anb

NCB



الأهلي

بنك الرياض
riyad bank



البنك
السعودي
الفرنسي
Banque
Saudi
Fransi



This Prospectus includes information given in compliance with the Listing Rules of the CMA. The Directors, whose names appear on page (vi), 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 CMA and Tadawul take no responsibility for the contents of this document, make no representations 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 document.

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

This prospectus is dated 28/06/1434H (corresponding to 08/05/2013G)

Important Notice

This Prospectus provides full details of information relating to American International Group & Arab National Bank Cooperative Insurance Company (the “Company”) and the Offer Shares. When applying for the Offer Shares, Subscribers will be treated as applying solely on the basis of the information contained in this Prospectus, copies of which are available for collection from the Receiving Entities or by visiting the CMA’s website (www.cma.org.sa) or the Lead Manager’s website at (www.fransicapital.com.sa).

Saudi Fransi Capital has been appointed by the Company to act as Financial Advisor (the “Financial Advisor”), Lead Manager (the “Lead Manager”) and Underwriter (the “Underwriter”) in relation to the Offer Shares described herein.

This Prospectus includes details given in compliance with the Listing Rules issued by the CMA. The proposed Directors, whose names appear on page (vi), 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 CMA and Tadawul take no responsibility for the contents of this document, make no representations 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 document.

While the Company has made all reasonable enquiries as to the accuracy of the information contained in this Prospectus as at the date hereof, substantial portions of the market and industry information herein are derived from external sources and while neither the Company nor any of its proposed executives, Founding Shareholders, proposed members of the Board of Directors or Advisors whose names appear on pages (VI-VII) of this Prospectus have any reason to believe that any of the market and industry information is materially inaccurate, such information has not been independently verified and no representation is made with respect to the accuracy or completeness of any of this information.

The information contained in this Prospectus as at the date hereof is subject to change. In particular, the actual financial condition of the Company and the value of the Shares may be adversely affected by future developments in inflation rates, interest rates, taxation, or other economic, political and other factors over which the Company has no control (see section 2 “Risk Factors”). Neither the delivery of this Prospectus nor any verbal, written or printed information in relation to the Offer Shares is intended to be, or should be construed as or relied upon in any way as, a promise or representation as to future profits, results or events.

The Prospectus is not to be regarded as a recommendation on the part of the Company, Founding Shareholders or any of the Advisors whose names appear on pages (vii-xiv) to participate in the Offering. Moreover, information provided in this Prospectus is of a general nature and has been prepared without taking into account individual investment objectives, financial situation or particular investment needs. Prior to making an investment decision, each recipient of this Prospectus is responsible for obtaining independent professional advice in relation to the Offering and for considering the appropriateness of the information herein, with regard to individual objectives, financial situations and needs.

The Offering is directed at and is limited to Saudi Arabian natural persons, including a divorced or widowed Saudi woman with minor children from a non-Saudi husband who may subscribe in the name(s) of her minor children for her benefit given that such woman provides evidence of her marital status and that she is the child’s mother. The subscription by a person in the name of his divorced wife shall be deemed null.

The distribution of this Prospectus and the sale of the Offer Shares to any other persons or in any other jurisdiction is expressly prohibited. The Company, Founding Shareholders, Financial Advisor and Lead Manager require recipients of this Prospectus to inform themselves of any regulatory restrictions relevant to the Offer Shares and to observe all such restrictions.

Industry and Market Data

The information regarding the insurance industry and other market data regarding this Prospectus has been obtained from various sources. Such information, sources and projections are thought to be reliable and the Company has made a reasonable effort to verify the sources. While neither the Company nor its proposed Board of Directors or Advisors have any reason to believe that the information on the insurance industry and other data regarding the market are materially inaccurate, such information has not been independently verified and no representation is made with respect to the accuracy or completeness of any of this information. These sources mainly include:

1. Report of the Saudi Arabian Monetary Agency ("SAMA") on the Insurance Market in the Kingdom of Saudi Arabia for the year of 2011G and the annual report on most recent economic developments during the fourth quarter of 2012G



SAMA

P.O. Box 2992 Riyadh 11169
Kingdom of Saudi Arabia
Tel: +966 1 463 3000
Fax: +966 1 466 2966
Website: www.sama.gov.sa

SAMA, the central bank of the Kingdom, was established in 1372H (corresponding to 1952G). The main functions of SAMA include:

- issuing national currency, the Saudi Riyal;
- acting as the central bank of the Government and supervising commercial banks;
- managing the Kingdom's foreign exchange reserves;
- conducting monetary policy to promote price and exchange rate stability; and
- promoting growth and ensuring the soundness of the financial system.

The information obtained from SAMA as used in this Prospectus is publicly available and can be obtained via the internet and therefore consent to use their reports in the Prospectus has not been sought.

2. Report of Swiss Reinsurance Company ("Swiss Re")

Swiss Re



Swiss Re

Mythenquai 50/60
P.O. Box 8022 Zurich-Switzerland
Tel: +41 43 285 2121
Fax: +41 43 285 2999
Website: www.swissre.com

Swiss Re is one of the leading companies in the field of reinsurance. It was established in 1863G in Zurich, Switzerland. Swiss Re has a presence in more than 25 (twenty-five) countries and publishes a range of reports on insurance markets worldwide. These reports are publicly available documents and can be found on the internet.

The information obtained from Swiss Re as used in this Prospectus is publicly available and can be obtained via the internet and therefore consent to use their reports in the Prospectus has not been sought.

Neither Swiss Re, nor any of its subsidiaries, shareholders, directors or Relatives have any interest in the Company.

3. Q4 2012G Report on Insurance in the Kingdom of Saudi Arabia, issued by Business Monitor International “BMI”



Business Monitor International (“BMI”)

Mermaid House - 2 Puddle Dock - Blackfriars
London EC4V 3DS
United Kingdom
Tel: +44 20 7248 0468
Fax: +44 20 7248 0467
Website: www.businessmonitor.com
E-mail: abaio@businessmonitor.com

Established in 1984G and based in London, BMI publishes reports and economic surveys on various subjects including political risks, financing, economic analysis and forecasts. Its activities span 175 (one hundred seventy-five) countries and over 22 (twenty-two) economic sectors. Its weekly, monthly and annual reports include the latest data, forecasts and analysis on political risks, economic performance, future projections, commercial environment, financing and most prominent industrial sectors. The reports and information used in this Prospectus are made available to the public in exchange for a registration fee. However, BMI’s approval to use this information was obtained. Neither BMI nor any of its subsidiaries, shareholders, employees or Relatives have any shares or interest in the Company.

4. Central Department of Statistics & Information (“CDSI”)



P.O. Box 3735
Riyadh-11481
Kingdom of Saudi Arabia
E-mail: info@cds.gov.sa
Website: www.cdsi.gov.sa

The CDSI was founded by virtue of the Statistics Law, promulgated through Royal Decree No. 23 dated 7/12/1379H. The CDSI is affiliated to the Ministry of Economy and Planning. The Statistics Law of the Kingdom determined the CDSI’s powers and made it the sole agency for collecting and compiling official statistics in the Kingdom. The Statistics Law also assigned to the CDSI the task of collecting all types of statistical operations, which are required in all development fields, whereby it is considered to be responsible for providing governmental agencies, public and private institutions and individuals with official statistical information and data.

Financial Information

The prospective financial statements and related notes were produced prior to completion of the IPO, which were listed in this Prospectus in accordance with the auditing standards commonly accepted in the Kingdom and issued by the Saudi Organization for Certified Public Accountants (SOCPA). The Company will issue its financial statements in Saudi Riyals.

Forecasts and Forward-Looking Statements

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

This Prospectus includes statements that are, or may be deemed to be, “forward-looking statements”. These forward-looking statements can be identified by the use of forward-looking terminology, including the terms “believes”, “estimates”, “anticipates”, “expects”, “intends”, “plans”, “goal”, “target”, “aim”, “may”, “will”, “would”, “could”, “must”, “seek”, “it is expected” or “should” or, in each case, their negative or other variations or comparable terminology which indicate the

future. These forward-looking statements reflect the current views of the Company with respect to future events and are not guarantees of future performance. Many factors could cause the actual results, performance or achievements of the Company to be significantly different from any future results, performance, or achievements that may be expressed or implied by such forward-looking statements. Some of the risks and important factors that could have such an effect are described in more detail in other sections of this Prospectus (including, without limitation, Section 2 “Risk Factors” and Section 4 “Company”). If any of those risks or situations occurs, or if it appears that any of the assumptions are inaccurate or incorrect, actual results may vary materially from those described in this Prospectus.

Subject to the requirements of the Listing Rules, the Company must submit a supplementary prospectus to the CMA if it appears to the Company at any time after the CMA's approval of the Prospectus and before Admission, that (a) there has been a significant change in material information contained in the Prospectus or any document required by the Listing Rules; or (b) additional important matters have become known which would have been required to be included in the Prospectus. Except in the aforementioned circumstances, the Company does not intend to update or otherwise revise any industry or market information or forward-looking statements in this Prospectus, whether as a result of new information, future events or otherwise. As a result of the foregoing risks and other risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this Prospectus might not occur in the way the Company expects, or at all. Prospective investors should consider all forward-looking statements in light of the above and should not place undue reliance on forward-looking statements.

Definitions & Technical Terminology

For an explanation of certain defined terms and certain technical terms relating to the insurance industry, see Section 1 "Definitions & Abbreviations".

Corporate Directory The Members of the Board of Directors*

	Name	Position	Nationality	Age	Representing	Executive	Direct Shareholding	Indirect Shareholding
1.	Ramzi Kanaan Abukhadra	Chairman	Saudi	47	Public	Independent/Non-executive	None	None
2.	Lama Khalid Alhaj Ibrahim	Director	Saudi	40	ALICO	Non-executive	None	None
3.	Julio Garcia Villalon	Director	Spanish	50	ALICO	Non-executive	None	None
4.	Youil Dib Homsy	Managing Director	Lebanese	54	ALICO	Executive	None	None
5.	Mohamed Ossman Charabati	Director	Syrian	56	ALICO	Non-executive	None	None
6.	Robert Maroun Eid	Director	Lebanese	59	ANB	Non-executive	None	None
7.	Abdullah Ali Al Khalifa	Director	Saudi	50	ANB	Non-executive	None	None
8.	Christos Nicolas Adamantiadis	Director	Greek	43	CHARTIS	Non-executive	None	None
9.	Suleiman Saud Al-Sayyari	Director	Saudi	62	Public	Independent/Non-executive	None	None
10.	Abdul Mohsen Ibrahim Altouq	Director	Saudi	39	Public	Independent/Non-executive	None	None
11.	Khalid Hamad Alyahya	Director	Saudi	54	Public	Independent/Non-executive	None	None

Source: the Company

*The proposed Directors whose names appear above shall be elected during the Constituent General Assembly and the Chairman shall be appointed from amongst the eleven members elected during the Constituent General Assembly at the first meeting of the Board.

Registered Office

American International Group & Arab National Bank Cooperative Insurance Company

P.O. Box: 56437, Riyadh 11554
Kingdom of Saudi Arabia
Tel.: +966 (01) 465 6852
Fax: +966 (01) 279 2015
Website: www.aiganb.com
Email: youil.homsy@metlifealico.com

أيه آي جي العربي
AIG ANB

Company's Representatives

Youil Dib Homsy (Proposed) Managing Director

The Company
P.O. Box: 56437, Riyadh 11554
Kingdom of Saudi Arabia
Tel.: +966 (01) 465 6852
Fax: +966 (01) 279 2015
E-mail: youil.homsy@metlifealico.com

Oussama Younis El Khatib (Proposed) Deputy General Manager for General Insurance

The Company
P.O. Box: 7071, Riyadh 11462
Kingdom of Saudi Arabia
Tel.: +966 (01) 206 1622
Fax: +966 (01) 477 6809
E-mail: oussama.elkhatib@aig.com

(Proposed) Secretary of the Board of Directors

Rami Mohamed Nahhas

The Company

P.O. Box: 56437, Riyadh 11554
 Kingdom of Saudi Arabia
 Tel.: +966 (01) 465 6852
 Fax: +966 (01) 279 2015
 E-mail: rami.nahhas@metlifealico.com

Shares Registrar

Tadawul

Abraj Attawuniya
 King Fahad Road
 P.O. Box 60612, Riyadh 11555
 Kingdom of Saudi Arabia
 Tel: +966 (1) 218 9999
 E-mail: webinfo@tadawul.com.sa
 Website: www.tadawul.com.sa



Financial Advisor & Lead Manager

Saudi Fransi Capital

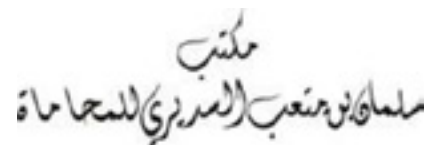
P.O. Box: 23454
 Riyadh 11426
 Kingdom of Saudi Arabia
 Tel: +966 (1) 282 6666
 Fax: +966 (1) 282 6823
 Website: www.fransicapital.com.sa
 E-mail: srafiq@alfransi.com.sa



Company's Saudi Legal Advisor

Law Office of Salman M. Al-Sudairi

King Fahad Road
 Tatweer Towers- Tower 1 – 7th Floor
 P.O. Box: 17411, Riyadh 11474
 Kingdom of Saudi Arabia
 Tel.: +966 (1) 207 2500
 Fax: +966 (1) 207 2577
 Website: www.lw.com
 E-mail: info@lw.com



Company's International Legal Advisor

Latham & Watkins LLP in association with Law Office of Salman M. Al-Sudairi

King Fahad Road
 Tatweer Towers- Tower 1 – 7th Floor
 P.O. Box: 17411, Riyadh 11474
 Kingdom of Saudi Arabia
 Tel.: +966 (1) 207 2500
 Fax: +966 (1) 207 2577
 Website: www.lw.com
 E-mail: info@lw.com

LATHAM & WATKINS LLP

Underwriter and Lead Manager's Legal Advisor

Legal Advisors

Torki Al-Shubaiki, in association with Baker & McKenzie

Ahsaa Road
P.O. Box 4288, Riyadh 11491
Kingdom of Saudi Arabia
Phone: +966 (1) 291 5561
Fax: +966 (1) 291 5571
Website: www.bakernet.com
E-mail: Legaladvisors@bakermckenzie.com



BAKER & MCKENZIE

Independent Accountant

Deloitte & Touche Bakr Abulkhair & Co.

P.O. Box: 213, Riyadh 11411
Kingdom of Saudi Arabia
Tel.: +966 (01) 282 8400
Fax: +966 (01) 293 0880
Website: www.deloitte.com
E-mail: yelhaddad@deloitte.com



Deloitte.

Market Research Consultant

Business Monitor International

Mermaid House - 2 Puddle Dock - Blackfriars
London EC4V 3DS
United Kingdom
Tel: +44 20 7248 0468
Fax: +44 20 7248 0467
Website: www.businessmonitor.com
E-mail: abaio@businessmonitor.com



Underwriter

Saudi Fransi Capital

P.O. Box: 23454
Riyadh 11426
Kingdom of Saudi Arabia
Tel: +966 (1) 2826666
Fax: +966 (1) 2826823
Website: www.fransicapital.com.sa
E-mail: srafiq@alfransi.com.sa

السعودي الفرنسي كابيتال
Saudi Fransi Capital



Note:

The above advisors have given and have not withdrawn their written consent to the publication of their names, addresses, logos and the statements attributed to each of them in the context in which they appear in this Prospectus and do not themselves, their Relatives or affiliates or employees have any shareholding or interest of any kind in the Company up to the date of this Prospectus.

Receiving Entities

Arab National Bank

King Faisal Street
P. O. Box 56921
Riyadh 11564
Kingdom of Saudi Arabia
Tel: +966 (1) 402 9000
Fax: +966 (1) 402 7747
Website: www.anb.com.sa
E-mail: abinayba@anb.com.sa

**Banque Saudi Fransi**

Maazar Street
P.O. Box 56006
Riyadh 11554
Kingdom of Saudi Arabia
Tel: +966 (1) 2899999
Fax: +966 (1) 4042311
Website: www.alfransi.com.sa
E-mail: sairobaih@alfransi.com.sa

**The National Commercial Bank**

King Abdulaziz Road
P.O. Box 3555
Jeddah 21481
Kingdom of Saudi Arabia
Tel: +966 (2) 649 3333
Fax: +966 (2) 643 7426
Website: www.alahli.com
E-mail: as.algithmi@alahli.com

**Riyad Bank**

King Abdulaziz Road
P.O. Box 22622
Riyadh 11614
Kingdom of Saudi Arabia
Tel: +966 (1) 401 3030
Fax: +966 (1) 404 2618
Website: www.riyadbank.com
E-mail: hesham.al-wayel@riyadbank.com



Company's Commercial Bank

Arab National Bank

King Faisal Street
P. O. Box 56921
Riyadh 11564
Kingdom of Saudi Arabia
Tel: +966 (1) 402 9000
Fax: +966 (1) 402 7747
Website: www.anb.com.sa
E-mail: ashamim@anb.com.sa



Summary of the Offering

The Company	<p>American International Group & Arab National Bank Cooperative Insurance Company (referred to hereinafter as the “Company”) is a Saudi joint stock company (under formation). The incorporation of the Company has been approved pursuant to Ministerial Resolution No. 119 dated 13/04/1431H (corresponding to 29/03/2010G) and Royal Decree No. M/22 dated 15/04/1431H (corresponding to 31/03/2010G), in accordance with Companies Regulations issued by Royal Decree No. M/6 dated 22/3/1385H and the Insurance Law issued by Royal Decree No. M/32 dated 02/06/1424H and its Implementing Regulations issued by virtue of Ministerial Resolution No. 1/596 dated 01/03/1425H.</p> <p>The Founding Shareholders shall propose during the Constituent General Assembly to change the name of the Company to “MetLife American International Group and Arab National Bank Cooperative Insurance” and the Shareholders shall vote on such proposal.</p>																				
Incorporation of Company	<p>The Company’s incorporation as an insurance company was approved by virtue of Ministerial Resolution No. (119) issued on 13/04/1431H (corresponding to 29/03/2010G) and Royal Decree No. (M/22) issued on 15/04/1431H (corresponding to 31/03/2010G). The Company’s incorporation was also approved by SAMA and its amended Articles of Incorporation notarized by the notary public in Riyadh under page No. 64 number 815 volume No. 28 dated 14/01/1434H (corresponding to 28/11/2012G). The Company will be fully incorporated after completion of the IPO and pursuant to the resolution of the Minister of Commerce announcing the incorporation of the Company following the holding of the Constituent General Assembly, which will be held as soon as practicable, no later than one month after the Offering.</p>																				
Company Activities	<p>The Company intends to provide cooperative insurance and re-insurance services and all ancillary business in accordance with the Insurance Law and its Implementing Regulations. After obtaining the commercial register, the Company will apply to SAMA to obtain a license on exercising the desired insurance activities.</p>																				
Substantial Shareholders	<p>There are three substantial Shareholders in the Company, each of whom holds more than 5% of the Company’s share capital, namely:</p> <table><tr><th>Shareholders</th><th>Nationality</th><th>No. of Shares</th><th>Value (SAR)</th><th>Ownership Percentage before and after the Offering</th></tr><tr><td>American Life Insurance Company</td><td>American</td><td>5,250,000</td><td>52,500,000</td><td>30.00%</td></tr><tr><td>Arab National Bank</td><td>Saudi</td><td>5,240,000</td><td>52,400,000</td><td>29.94%</td></tr><tr><td>Chartis Memsa Holdings</td><td>American</td><td>1,750,000</td><td>17,500,000</td><td>10.00%</td></tr></table>	Shareholders	Nationality	No. of Shares	Value (SAR)	Ownership Percentage before and after the Offering	American Life Insurance Company	American	5,250,000	52,500,000	30.00%	Arab National Bank	Saudi	5,240,000	52,400,000	29.94%	Chartis Memsa Holdings	American	1,750,000	17,500,000	10.00%
Shareholders	Nationality	No. of Shares	Value (SAR)	Ownership Percentage before and after the Offering																	
American Life Insurance Company	American	5,250,000	52,500,000	30.00%																	
Arab National Bank	Saudi	5,240,000	52,400,000	29.94%																	
Chartis Memsa Holdings	American	1,750,000	17,500,000	10.00%																	
Company’s authorized capital	SAR 175,000,000, the amount of SAR 122,500,000 was fully paid.																				
Company’s capital after completion of the Offering	SAR 175,000,000.																				
Total number of authorised Shares	17,500,000 Shares.																				
Offering	5,250,000 Offer Shares, representing 30% of the Company’s authorized capital.																				
Number of subscribed Shares Pre-Offering	12,250,000 ordinary shares.																				
Number of Offer Shares	5,250,000 ordinary shares, representing 30% of the total issued Shares.																				
Percentage of Offer Shares to Company’s share capital	Offer Shares represent 30% of the total issued Shares.																				
Subscription Price	SAR 10 per Share.																				
Nominal Value	SAR 10 per Share.																				
Total value of Offer Shares	SAR 52,500,000.																				
Number of Offer Shares underwritten	5,250,000 Shares.																				
Value of Offer Shares underwritten	SAR 52,500,000.																				
Minimum number of Offer Shares to be applied for	50 Shares.																				

Minimum Subscription amount	SAR 500.
Maximum number of Offer Shares to be applied for	100,000 Shares.
Maximum Subscription amount	SAR 1,000,000.
Individual Investors	The Offering is directed at and is limited to Saudi Arabian natural persons, including a divorced or widowed Saudi woman with minor children from a non-Saudi husband who may subscribe in the name(s) of her minor children for her benefit. A Subscription made by an ex-husband of a divorced Saudi woman is deemed null.
How to apply	Subscription Application Forms will be available during the Offering Period at all the branches of Banque Saudi Fransi "BSF" and branches of Receiving Entities. The Forms must be completed in accordance with the instructions set out in the "Subscription Terms and Conditions" section of this Prospectus. Individual Investors who have participated in one of the latest initial public offerings may apply through the internet, telephone banking and Automated Teller Machines ("ATMs") at any branch of the Receiving Entities which provide such services to its clients.
Offering Period	The Offering will commence on 17/07/1434H (corresponding to 27/05/2013G) and will remain open for a period of 7 (seven) days up to and including the closing day, which is 23/07/1434H (corresponding to 02/06/2013G).
Use of Proceeds	The total proceeds from the Offering are estimated at SAR 52,500,000 (fifty two million, five hundred thousand Saudi Riyals), of which approximately SAR 13,688,000 (thirteen million, six hundred eighty eight thousand Saudi Riyals) is deducted to cover the Offering expenses which include fees of each of the Financial Advisor, legal advisors, Receiving Entities, in addition to marketing expenses, printing and distribution expenses and other offering-related expenses. The net offering proceeds which amounts to SAR 38,812,000 (thirty eight million, eight hundred twelve thousand Saudi Riyals) and the capital paid by the Founding Shareholders will be mainly used to finance the Company's operations and investments and cover the pre-operating expenses while maintaining the minimum required solvency levels, as well as the minimum adequacy level of the working capital, as prescribed by the Insurance Law and its Implementing Regulations (see section 11 "Use of Offering Proceeds").
Allocation of Offer Shares	Allocation of the Offer Shares is expected to be completed on 30/07/1434H (corresponding to 09/06/2013G). Each investor shall be allocated a minimum of 50 (fifty) Offer Shares with the remaining Offer Shares (if any) being allocated on a pro rata basis, based on the rate applied for by each investor to the total Offer Shares. The Company does not guarantee the minimum allocation of 50 (fifty) Offer Shares in the event that the number of Subscribers exceeds 105,000 (one hundred and five thousand). In such case, the Offer Shares shall be allocated equally between all Subscribers (see section 17 "Subscription Terms and Conditions" – section 17.2 "Allocation & Balance Refunds").
Excess of Subscription Monies	Excess of subscription monies, if any, shall be refunded to Subscribers without any charge or withholding by the relevant Receiving Entity. Notification of the final allotment and refund of subscription monies, if any, shall be made no later than 30/07/1434H (corresponding to 09/06/2013G). No fractional allocations will be made and any Offer Shares remaining in respect of the aggregation of fractional allocations shall be allocated by the Lead Manager to Individual Investors at its discretion and with the approval of the CMA (See section 17 "Subscription Terms and Conditions" – 17.2 "Allocation & Balance Refunds").
Dividends	The Offer Shares will be entitled to receive any dividends declared by the Company after the date of incorporation and for subsequent Fiscal Years (for a discussion of the Company's dividend policy, see section 9 "Dividend Policy").
Voting Rights	The Company has only one class of shares and no Shareholder has any preferential voting rights. Each Share entitles the holder to one vote and each Shareholder holding at least 20 (twenty) Shares has the right to attend and vote at the General Assembly Meeting. Please refer to "Description of Shares" section for further details about the Shares and related voting rights.
Lock-in Period	The Founding Shareholders may not dispose of any Shares for a period of 3 (three) years, (each year being not less than 12 (twelve) months) ("Statutory Lock-in Period") from the date of the incorporation of the Company. Once the Statutory Lock-in Period has elapsed, the Founding Shareholders may dispose of their Shares after obtaining the required CMA and SAMA written approvals. The Founding Shareholders have agreed under the Shareholders Agreement (detailed in Section 15.6 "Material Contracts") to a contractual lock-in period of 5 (five) years as of the date of incorporation of the Company.
Procedure of exercising pre-emption rights	In the event that the Company decides to increase its capital by offering new shares, it shall hold an Extraordinary General Assembly to vote on such offering and capital increase. Each Shareholder listed on the Company's register shall be entitled, by the close of trading on the day which the Extraordinary General Assembly agrees to the proposed increase of the capital, to subscribe to his rights in the Offer Shares or less, noting that subscription is made only to full shares and not to fractions of Shares.

Registering & Trading of Shares	Prior to the Offering, there has been no public market for the Shares in the Kingdom or elsewhere. An application has been made to the CMA for Admission; all relevant approvals pertaining to this Prospectus, all other supporting documents requested by the CMA and all relevant regulatory approvals required to conduct the Offering have been granted. Trading is expected to commence on the Exchange soon after the final allocation of the Shares and the fulfilment of all related requirements which include completion of the Company's formation and compliance with the mandatory provisions of the Corporate Governance Regulation (See section "Key Dates for Subscribers").
Risk Factors	There are certain risks relating to the investment in this Offering. These risks can be categorized as follows: (a) Risks related to the Company, (b) Risks related to the market and regulatory environment and (c) Risks related to Shares. (See section 2 "Risk Factors").
Expenses	The expenses related to the Offering are estimated at SAR 13,688,000 (thirteen million, six hundred eighty eight thousand Saudi Riyals) inclusive of the fees of the Financial Advisor, legal advisors, media advisors, public relations advisor and Underwriter, in addition to the Receiving Entity's fees, marketing, printing and distribution expenses and other related expenses.

"Important Notice" and "Risk Factors" sections of the Prospectus should be considered carefully prior to making a decision to invest in the Offer Shares.

Key Dates for Subscribers

Expected Offering Timetable

Offering Period	From 17/07/1434 to 23/07/1434H (corresponding 27/05/2013 to 02/06/2013G)
Last date for submission of Subscription Application Form and subscription monies	23/07/1434H (corresponding to 02/06/2013G)
Notification of final allotment & refund of excess funds (in the event of over-subscription)	30/07/1434H (corresponding to 09/06/2013G)
Start date of trading of Offer Shares	Upon satisfaction of all requirements and completion of all relevant procedures which include completion of the Company's formation and compliance with the mandatory provisions of the Corporate Governance Regulation

The dates mentioned in the above table are approximate. Actual dates will be conveyed through announcements appearing in national daily newspapers, the Tadawul's website (www.tadawul.com.sa) and CMA's website (www.cma.gov.sa)

How to Apply

The Offering is directed at and is limited to Saudi Arabian natural persons ("Individual Investors"), including a divorced or widowed Saudi woman with minor children from a non-Saudi husband who may subscribe in the name(s) of her minor children for her benefit. A subscription made by an ex husband of a divorced Saudi woman is deemed null and if it was proven as such, the law will be applied against such applicant.

The Subscription Application Forms will be available to investors during the Offering Period at the branches of the Receiving Entities and on their websites. The subscription will be open through the internet, telephone banking and ATMs at all branches of the Receiving Entities that provide one or more of these channels. Such services will be available to investors provided that they have participated in recent initial public offerings; they have a bank account with one of the Receiving Entities; and the investor's information has not been changed since his latest subscription.

The Subscription Application Forms must be completed in accordance with the instructions described in the "Subscription Terms and Conditions" section of this Prospectus.

Each Subscriber must agree to the terms and conditions and complete all relevant sections of the Subscription Application Form. The Company reserves the right to decline any Subscription Application Form, in part or in whole, in the event that any of the subscription terms and conditions are not met or the instructions are not duly and punctually followed. Amendments to and withdrawal of the Subscription Application Form shall not be permitted once the Subscription Application Form has been submitted. Furthermore, the Subscription Application Form shall, upon submission, represent a legally binding agreement between the Subscriber and the Company (See section 17 "Subscription Terms and Conditions").

Summary of Key Information

This summary of key information is intended to provide a brief overview of the information contained in this Prospectus. As such, it does not contain all of the information that may be important to prospective investors. Accordingly, this summary must be read as an introduction to this Prospectus and recipients of this Prospectus are advised to read the entire Prospectus in full and any decision to invest in the Offer Shares by prospective investors should be based on a consideration of this Prospectus as a whole.

The Company

American International Group and Arab National Bank for Cooperative Insurance Company (the “Company”) is a Saudi joint stock company under formation. The incorporation of the Company has been approved by virtue of the Ministerial Resolution No. 119, issued on 13/04/1431H, (corresponding to 29/03/2010G) and Royal Decree No. (M/22), issued on 15/04/1431H, (corresponding to 31/03/2010G), in accordance with the Companies Regulations promulgated by virtue of Royal Decree No. M/6 dated 22/03/1385H and the Insurance Law promulgated by virtue of Royal Decree No. 32 dated 02/06/1424H and its Implementing Regulations issued according to Ministerial Resolution No. 1/596 dated 01/03/1425H and its amended Articles of Incorporation notarized by the notary public in Riyadh under page No. 64, number 815, volume No. 28 dated 14/01/1434H (corresponding to 28/11/2012G). The Company’s head office is located in the city of Riyadh, the Kingdom.

The share capital of the Company shall be set at SAR 175,000,000 (one hundred seventy five million Saudi Riyals), divided into 17,500,000 Shares (seventeen million, five hundred thousand Shares) of SAR 10 (ten Saudi Riyals) each. The Founding Shareholders have subscribed to a total of 12,250,000 (twelve million, two hundred fifty thousand) Shares representing 70% of the Company’s capital, the value of which has been paid in full and deposited in the Company’s account with Arab National Bank and 5,250,000 (five million, two hundred fifty thousand) Shares shall be offered to the public, representing 30% of the Company’s capital, at SAR 10 (ten Saudi Riyals) each.

Following the completion of the Offering and convention of the Constituent General Assembly and completion of the Company’s formation and compliance with the mandatory provisions of the Corporate Governance Regulation, the Company shall request the Minister of Commerce and Industry to announce its incorporation. The Company shall be considered incorporated as a Public joint stock company as of date of issuance of the Ministerial Resolution announcing its incorporation. Following the formation of the Company, the Company shall submit an application to SAMA to obtain a license for the commencement of its insurance business in the Kingdom.

Company’s Founding Shareholders

The shareholding structure of the Company following the completion of the IPO is expected to be as follows:

Shareholders	Nationality	No. of Shares	Value (SAR)	Direct Shareholding Percentage	Indirect Ownership Percentage	Total Shareholding
American Life Insurance Company	USA	5,250,000	52,500,000	30.00%	-	30.00%
Arab National Bank	Saudi	5,240,000	52,400,000	29.94% ¹	-	29.94%
Chartis Memsa Holdings	USA	1,750,000	17,500,000	10.00%	-	10.00%
Abdullatif Bin Hamad Mohamed AlJabr	Saudi	5,000	50,000	0.03%	0.584%*	0.614%
Salah Rashed Abdulrahman AlRashed	Saudi	5,000	50,000	0.03%	0.578%*	0.608%
Total Shares Subscribed		12,250,000	122,500,000	70.00%		
Total Shares to be Subscribed by the Shareholders		5,250,000	52,500,000	30.00%		
Total		17,500,000	175,000,000	100.00%		

Source: the Company

* Indirect ownership through Arab National Bank.

For more details on the ownership and shareholding structure of the Founding Shareholders mentioned above, please refer to the “Shareholding Structure” section.

¹ It is worth mentioning that pursuant to the Shareholders Agreement (detailed in Section 15.6 “Material Contracts”), the Founding Shareholders agreed that Abdullatif Bin Hamad Mohamed Al-Jabr and Salah Rashed Abdulrahman Al-Rashed will each subscribe to 5,000 (five thousand) Shares (amounting to ten thousand Shares) on behalf of Arab National Bank, given the minimum number of shareholders required to establish a joint stock company in accordance with the Companies Regulations, whereby Arab National Bank will be the beneficial owner of the Shares registered in their names and undertakes to re-acquire those Shares as soon as practicable after completion of the IPO, expiration of the Statutory Lock-in Period and after obtaining the prior written approval of SAMA and the CMA.

Products & Services

According to its Bylaws, the objective of the Company is to engage in cooperative insurance activities and all related activities such as reinsurance, agencies, representations, correspondence or brokerage, in accordance with the provisions of the Insurance Law, its Implementing Regulations and the rules and regulations in force in the Kingdom.

In preparation of the launch of marketing activities of the Company upon the issuance of its final license, the Founding Shareholders are developing various programs, which the Company will market in its first year and subsequent years. The Company shall submit these programs to SAMA for approval. In addition, the Founding Shareholders are currently preparing and developing the Company's systems and marketing plans in relation thereto, in parallel with the listing of its Shares on Tadawul.

The Company will consider the marketing of any or all of the following products according to the market's conditions and clients' needs:

- **General Insurance**

1. General insurances for individuals.
2. Insurance against personal accidents.
3. Property insurance for companies.
4. Engineering and energy insurance – for contracting and energy sectors.
5. Crisis management insurance for companies.
6. Environmental liability insurance for companies.
7. Professional liability insurance for financial institutions.
8. Insurance against accidents and other liabilities for companies.
9. Marine insurance.

- **Protection and Savings Insurance**

1. Protection and savings insurance for individuals.
2. Credit insurance.

- **Health Insurance**

1. Health insurance for institutions.

Company's Future Vision

The Company aims to become one of the leading companies in the provision of cooperative insurance services in the Kingdom by providing products that meet the requirements of customers and extending premium services to them.

Mission

The Company seeks to provide high-quality insurance products and services according to the latest international standards and provide value to its customers throughout the Kingdom, as well as establish solid and long-term relationships with them.

Strategy

The Company shall provide a range of insurance products and services in compliance with the requirements of the legislative and regulatory bodies in the Kingdom and in accordance with the needs of its various customer segments. The Company shall offer a complete portfolio of general insurance products, health insurance products, protection, savings and personal injury insurance products. In order to achieve the highest levels of expertise and efficiency, the Company shall develop a strategy of expansion into major cities in the Kingdom. It shall also endeavour to obtain international accreditation by bodies specializing in the granting and issuance of classification certificates for insurance companies.

The Company shall deal with top reinsurers who enjoy a long-standing international reputation in the area of reinsurance. The Company shall also pursue a prudent approach in the process of selecting and building its portfolio and reinsurance arrangements in order to achieve sustainable profitability for the Company and to mitigate its level of risk in accordance with the Implementing Regulations.

In relation to the strategy of the Company in marketing its products, it shall continuously focus on improving the quality of its products and services, which it offers to its customers in light of the cost and quality of such products.

The insurance and reinsurance protection strategy that the Company will adopt shall focus on the following principles:

- Understand and meet the needs of its customers and consistently strive to provide plans and services that meet their expectations.
- Continuously monitor the changes in the surrounding environment in order to identify the latest developments, trends, challenges and new opportunities in the market.
- Ensure the availability of the necessary expertise in its insurance and reinsurance operations, whereby the Company retains specialized competencies and expertise in the insurance business.
- Ensure the compliance of the Company's policies and procedures with professional standards in the insurance and reinsurance industry.
- Promote public awareness of the benefits of the insurance industry as a promising social and economic component in the Kingdom.
- Continuously develop products and services.

Summary of Competitive Advantages

It is expected that the Company will rely on a number of strong competitive attributes, which will consolidate its market position and support it in achieving its strategic objectives in the Kingdom. These competitive advantages include:

- Extensive experience based on the historical presence of the Founding Shareholders in the market for more than five decades.
- Highly experienced and qualified working team in the insurance sector in the market.
- Efficient and advanced management and information technology systems for the Management of the Company.
- Production sources provided by the Founding Shareholders.
- Reinsurance agreements with first class reinsurers.
- Effective claims department.
- Distinguished customer service.
- Conservative reserves to address potential risks.
- A wide range of insurance products and services and a broad customer base.
- Integrated systems for information management and effective technical support.
- Recruitment plan that seeks to consolidate work spirit and corporate culture.

Insurance Market Overview

The insurance sector in the Kingdom is characterized by a large number of positive features and is considered large compared to other developing countries. The insurance sector is witnessing a rapid growth compared to 2004G-2005G, where the penetration rate of general insurance has tripled since that time. Despite the massive growth of protection products from a reduced base in the Kingdom, sales of life insurance products remain small. The main reason behind the growth of the insurance sector in the Kingdom came as a result of the application of mandatory medical insurance. Results show a rise of Subscribed Premiums in 2011G with a growth of 12.9%².

Due to the introduction of compulsory health insurance in 2006G, BMI expects a larger understanding over the coming years, which demonstrates the success of the Government's program for the adoption of health sector funding by the private sector³.

Incorporation and Listing of the Company

In accordance with the Companies Regulations, the Insurance Law and its Implementing Regulations issued on 08/11/1426H (corresponding to 10/12/2005G), the incorporation of the Company shall not be considered to be statutory or legal unless its total capital has been subscribed for.

Upon finalisation of the allocation process of the Offer Shares, the Founding Shareholders shall invite all Subscribers who have been allocated Shares to a Constituent Assembly meeting, to be convened in accordance with the Company's Bylaws. The meeting will be held not less than 15 days after the date of publishing the notice of the meeting in the local

² Saudi Insurance Market Report for 2011G

³ BMI's Report.

newspapers. Each Subscriber who has been allocated Shares shall be entitled to attend the meeting, irrespective of the number of Shares that have been allocated to him. The presence of Subscribers or Founding Shareholders representing not less than half of the Company's capital is required to constitute a quorum. If a quorum is not present, a second meeting shall be convened at least 15 days following the notice of the second meeting and a quorum shall be deemed to be present at this meeting irrespective of the number of Subscribers or Founding Shareholders present.

The Constituent General Assembly shall:

- Ascertain that all the capital has been subscribed for and is fully paid;
- Draw up the final provisions of the Company's Bylaws and amend Article 2 of its Bylaws to change the name of the Company to MetLife-American International Group and Arab National Bank. However, the Constituent General Assembly may not introduce fundamental changes to the Bylaws submitted to it, unless approved by all the Subscribers represented at such meeting;
- Appoint the members of the first Board of Directors;
- Appoint auditors and determine their remunerations; and
- Discuss the Founding Shareholders' report regarding the pre-incorporation activities and expenses necessary to establish the Company.

Within 15 (fifteen) days following the Constituent General Assembly meeting, the Founding Shareholders shall submit an application to the Minister of Commerce and Industry to declare the Company's incorporation. The Company shall be deemed incorporated as of the date on which the Minister issues a resolution declaring its incorporation ("Ministerial Resolution").

This Ministerial Resolution shall be published in the Official Gazette, at the expense of the Company. Within 15 (fifteen) days from the date of the Ministerial Resolution, the Directors shall apply for the registration of the Company in the Register of Companies at the Companies Department- Ministry of Commerce and Industry.

Following the Company's incorporation and issuance of its commercial register, the Company shall submit an application to the CMA for Admission and listing on the Exchange in accordance with the Capital Market Law and its implementing regulations.

Summary of Financial Information

The following financial information should be read in conjunction with the prospective statement of the financial position as at the expected date of commencement of business, including the accompanying notes listed in other sections of this Prospectus.

As at 30 June 2013G (SAR '000)

ASSETS	
CURRENT ASSETS	
Cash with the bank	105,000
Projected cash from initial public offering	52,500
Prepaid rent	639
TOTAL CURRENT ASSETS	158,139
NON-CURRENT ASSETS	
Pre-operating expenses	23,507
Statutory deposit	17,500
Fixed assets	13,649
TOTAL NON-CURRENT ASSETS	54,656
TOTAL ASSETS	212,795
LIABILITY & SHAREHOLDERS' EQUITY	
CURRENT LIABILITY	
Payable to related parties	37,795
TOTAL CURRENT LIABILITY	37,795

As at 30 June 2013G (SAR'000)

SHAREHOLDERS' EQUITY	
Share capital to be paid in by founding shareholders	122,500
Forecasted share capital from initial public offering	52,500
TOTAL SHAREHOLDERS' EQUITY	175,000
TOTAL LIABILITY AND SHAREHOLDERS' EQUITY	212,795

Source: Deloitte and Touche Baker Abu AlKhair & Co.

Summary of Risk Factors

Before considering an investment in the Offer Shares, prospective investors are advised to carefully consider all the information contained in this Prospectus, particularly the risks described below, which are addressed in detail in Section 2 "Risk Factors" of this Prospectus.

Risks Related to the Company's Operations

- Source of Funds.
- Related-Parties' Transactions.
- Dependence on Key Personnel.
- Staff Misconduct.
- Investment Risks.
- Technology Risk.
- Reliance on Arab National Bank.
- Trademark Protection.
- Disagreements with the Insured and Actions, Claims & Procedures.
- Unsuccessful Development or Expansion.
- Recent Incorporation of the Company and the Unavailability of Previous Financial Statements.
- Economic Conditions of the Founding Shareholders.
- Initial Public Offering to Final Incorporation.
- Experience in the Management of a Public joint stock company.
- Adequacy of Technical Reserves.
- Contracts with Third Parties.
- Non-Renewal of Insurance Policies.

Risks Related to the Insurance Market and Regulatory Environment

- Regulatory & Statutory Risks.
- Competition.
- Market Growth.
- Saudization Requirements.
- Required Periodic Reports.
- Non-Issuance or Withdrawal of SAMA's License.
- Restrictions on Ownership of Insurance Companies.
- Financial Solvency Requirements.
- Insurance Business Cycle.
- Credit Rating Risks.
- Unpredictable Disasters.
- Reinsurers Risks and Reliance Upon Them.
- Difficulty to Attract Insurance Qualified Local Personnel.
- Absence of Market's Historical Data.
- Risk Management Policies.
- Economic Conditions and Insurance Sector Status.

Risks Related to the Shares

- Absence of a Prior Market for the Shares.
- Dividends.
- Effective Control by the Founding Shareholders.
- Fluctuations in Shares Prices.
- Future Sale and Offering.
- Future Information.

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1. DEFINITIONS & ABBREVIATIONS

The following table sets out definitions and abbreviations used in this Prospectus.

Defined Term	Definition & Abbreviations
Admission	Admission of the Shares on the Official List and the approval of trading of the Offer Shares on the Exchange in accordance with Article (28) of the Listing Rules.
Advisors	The Company's advisors in relation to the Offering whose names appear on pages (VII-VIII) of this Prospectus.
AIIG	American International Group, Inc.
ALICO	American Life Insurance Company.
Articles of Incorporation	The articles of incorporation of the Company, notarised by the notary public in Riyadh under page No. 64, number 815, volume No. 28 on 14/01/1434H (corresponding to 28/11/2012G).
Authority or CMA	The Capital Market Authority of the Kingdom.
BBB	Standard and Poor's rating showing the ability of a debtor to pay his debts.
Board or Board of Directors	The board of directors of the Company.
Business Day	Any day (excluding Thursdays, Fridays & official holidays in the Kingdom) in which the Receiving Entities in the Kingdom are open for normal banking business.
Bylaws	The Company's proposed bylaws.
CHARTIS	Chartis Memsa Holdings.
Companies Regulations	The Saudi Arabian Companies Law enacted by Royal Decree No. M/6 dated 22/3/1385H, as amended.
Company	American International Group and Arab National Bank for Cooperative Insurance- a Saudi joint stock company under formation by Ministerial Resolution No. (119) issued on 13/4/1431H. (corresponding to 29/3/2010G) and Royal Decree No. M/22 issued on 15/4/1431H (corresponding to 31/3/2010G). The Founding Shareholders shall propose during the Constituent General Assembly, which will be held as soon as practicable, no later than one month after the Offering, to change the name of the Company to "MetLife American International Group and Arab National Bank for Cooperative Insurance" and the Shareholders shall vote on such proposal.
Constituent General Assembly	The constituent general assembly of the Shareholders convened in accordance with the Bylaws.
Corporate Governance Regulations	Corporate Governance Regulations applicable in the Kingdom and issued by CMA Resolution No. 1/2/2/2006 dated 21/10/1427H (corresponding to 12/11/2006G).
Directors or Board Members	The Company's proposed directors whose names appear in page (VI) of this Prospectus.
Distribution of Surplus	The mechanism whereby profit surplus from insurance and reinsurance operations is distributed to the insured.
Exchange or Tadawul	The Saudi Stock Exchange operating the electronic system for trading in listed securities in the Kingdom.
Extraordinary General Assembly	An extraordinary general assembly of the Shareholders convened in accordance with the Bylaws.
Financial Advisor	Saudi Fransi Capital Ltd.
Fiscal Year	The year ending 31st December of every Gregorian year.
Founders' Shares	70% of the total share capital of the Company, amounting to 12,250,000 (twelve million, two hundred fifty thousand) Shares
Founding Shareholders	The Founding Shareholders of the Company whose names appear in page (XIV)
Future Statement of Financial Position	Prospective statement of the Company's financial position upon commencing the Company's activities, inclusive of pre-operating expenses and the capital deposited by the Founding Shareholders and all Subscribers through the IPO.
Government	Government of the Kingdom.

Defined Term	Definition & Abbreviations
Implementing Regulation	Implementing regulations provisions of the Law on Supervision of Co-operative Insurance Companies promulgated by Royal Decree No (M/32) dated 02/06/1424H (corresponding to 31/7/2003G).
Independent Accountant	Deloitte & Touche Baker Abu Al Khair & Co.
Individual Investors	Saudi Arabian natural persons, including a divorced or widowed Saudi woman with minor children from a non-Saudi husband who may subscribe in the name(s) of her minor children for her benefit provided that such woman provides evidence of her marital status and that she is the child's mother.
Insurance	Shifting the burden of risk from the insured to the insurer and the compensation by the insurer to whichever of them suffers any loss or damage.
Insurance Law	The Saudi Law on Supervision of Cooperative Insurance Companies promulgated by Royal Decree No.(M/32) dated 02/06/1424H.
Insurance Policy (Policies)	A contract issued to the insured by the insurer setting out the terms of the contract to indemnify the insured for losses and damages covered by the policy against a Premium paid by the insured.
Insurance Portfolio	The insurance portfolio consisting of the total Subscribed Premiums in the Kingdom, including the related assets and liabilities.
Insured	The natural or corporate person who entered into an insurance policy with the Insurer.
Insurer	The insurance firm which accepts insurance directly from the insured.
The Kingdom	The Kingdom of Saudi Arabia.
Lead Manager	Saudi Fransi Capital Ltd.
Listing Rules	The Listing Rules issued by the CMA pursuant to Resolution No. 3-11-2004 dated 20/8/1425H, corresponding to 4/10/2004G, based on Capital Market Law promulgated by Royal Decree No M/30 dated 2/6/1424H and amended by CMA Resolution No. 1-4-2012 dated 28/2/1433H (corresponding to 22/1/2012G).
Management	The management of the Company.
Managing Director	The Company's managing director.
Ministerial Resolution	The resolution of the Minister of Commerce and Industry declaring the incorporation of the Company.
Net Proceeds of Offering	The proceeds of the Offering, after deducting the offering expenses which amount to SAR 38,812,000 (thirty eight million, eight hundred twelve thousand Saudi Riyals).
Nominal Value	SAR 10 per share
Offering or IPO	The initial public offering of 5,250,000 (five million, two hundred fifty thousand) Shares representing 30% of the issued share capital of the Company at the Offer Price.
Offering Period	The period starting from 17/07/1434H (corresponding to 27/05/2013G) and lasting for 7 days up to and including the last day for closing the Offering, ending on 23/07/1434H (corresponding to 02/06/2013G)
Offer Price	SAR 10 per Offer Share.
Offer Shares	5,250,000 (five million, two hundred fifty thousand) Shares to be offered pursuant to the terms of the Offering.
Official Gazette	Umm Al-Qura, the official gazette of the Kingdom.
Official List	The list of securities maintained by the CMA in accordance with the Listing Rules.
Ordinary General Assembly	An ordinary general assembly of the Shareholders convened in accordance with the Bylaws.
Person	A natural person.
Premium(s)	The amount paid by the insured in return of the insurer's approval to indemnify the insured for losses and damages directly caused by the occurrence of an insured risk.
Prospectus	This offering document issued by the Company in connection with the Offering.
Receiving Entities	Banque Saudi Fransi, Riyad Bank, the National Commercial Bank and Arab National Bank.

Defined Term	Definition & Abbreviations
Reinsurance	Shifting the burden of the insured risks from the insurer to the reinsurer and the compensation of the insurer by the reinsurer for payments made to the insured in the event that they suffer loss or damage.
Reinsurer	The insurance and/or reinsurance firm which accepts reinsurance from another insurer.
Relatives	The husband, wife and first degree relatives such as the parents and children.
SAMA	Saudi Arabian Monetary Agency.
SAR	Saudi Arabian Riyal, the official currency of the Kingdom.
Saudization	Employment regulations of the Kingdom, which compel companies operating in the Kingdom to employ a specific percentage of Saudi nationals.
Shareholder or Shareholders	Shareholders of the Company for any specific period of time.
Share(s)	Ordinary share (shares) of the Company.
Solvency Margin	Extent of excess in the Company's transferable assets into cash over its liabilities.
Statutory Lock-in Period	The three-year period after the completion of subscription, during which the Founding Shareholders may not dispose of any Share on the Exchange. Once the Statutory Lock-in Period has elapsed, the Founding Shareholders may dispose of their Shares after obtaining the required CMA and SAMA approvals.
Subscribed Premiums	Total amounts paid to insurance companies for covering specific risks in accordance with the terms of the insurance policies signed with their clients.
Subscriber	A Saudi natural person subscribing to the Offer Shares, including a divorced or widowed Saudi woman with minor children from a non-Saudi husband who may subscribe in the name(s) of her minor children for her benefit.
Subscription	The subscription to the initial public offering of 5,250,000 (five million, two hundred fifty thousand) Shares representing 30% of the Company's authorized share capital at the Offer Price.
Subscription Application Form	The subscription application form accompanying this Prospectus to be filled out and submitted by the Subscribers to the Receiving Entities expressing their desire to subscribe to the Offering.
S&P	Standard and Poor's credit rating company.
Technical Allotments (Reserves)	The amounts to be deducted by the Company and allotted to cover its financial liabilities, in relation to the Company or the Insurance Portfolio.
Total Proceeds of Offering	Total value of the Offer Shares subscribed for.
Underwriter	Saudi Fransi Capital.
Underwriting Agreement	The underwriting agreement to be entered into between the Company and the Underwriter in connection with the Offering.

2. RISK FACTORS

Prior to making an investment in the Offer Shares, prospective investors are advised to carefully consider all the information contained in this Prospectus, particularly the risks described below. The risk factors set out below are non-inclusive of all the risks to which the Company may be subject. There could be other risk factors currently unknown to or currently considered not to be material by the Company, which may affect its operations.

The Company's business, its future prospects, financial circumstances, operation results and cash flow could be materially and adversely affected by any of the following risks which the Management at the time considers to be material, or any other risks which the Board of Directors has not identified or classified at the time to be immaterial, but such risk had actually taken place and become material.

Investment in the Offer Shares shall not be suitable except for those investors who are capable of evaluating the risks and benefits of such investments and those who have sufficient resources to carry the burden of any loss which may result from such investment. The prospective investor who has any doubt relating to the procedure that must be followed shall seek the advice of a specialized professional advisor who shall offer advice in relation to the purchase of the Shares and other securities.

In the event that any of the risk factors materializes which the Management considers to be currently significant, or in the event that any other risks materialize, which the Management at the time did not determine or consider it to be currently immaterial, the value of the Offer Shares may decrease and as such the prospective investors may lose all or part of their investment in the Shares.

The order in which the risks and doubts are listed below is not intended to reflect the extent of their likely significance. Additional unknown or immaterial risks and doubts may have the effect set out above.

2.1 Risks Related to the Company's Operations

2.1.1 Source of Funds

Following the completion of the incorporation formalities of the Company, the Company may need to spend large amounts to finance its investments, expansion and operations. Therefore, the Company may need to look for sources of funding, either through banks or through the issue of new shares (although the Company does not currently intend to issue additional shares directly after the completion of the Offering) or from its revenues. There is no assurance that (i) financial market conditions would be appropriate at the time, which may increase the financing costs, (ii) the Company shall be able to obtain the regulatory approvals required in the event that it chooses to increase its share capital, or (iii) a solid financial position and good results would be available for the Company in the future to support its request for funding, all of which may adversely affect the growth of the Company's operations and the possibility of entering into new areas in the insurance business.

2.1.2 Related Parties' Transactions

The Company plans to provide insurance coverage to related parties. Although the Management conclusively believes that transactions with related parties must be conducted in a manner ensuring the interests of Shareholders, the Company and existing Shareholders shall comply with the provisions of Article (18) of the Corporate Governance Regulations promulgated on 21/10/1427H (corresponding to 12/11/2006G) and Articles (69) and (70) of the Companies Regulations, both of which provide that contracts with related parties are to be presented to the general assembly without giving the shareholders who have an interest in such contracts the right to vote thereon. Moreover, the Directors undertake not to carry out any activity which competes with the Company's business and to deal with the related parties on an arm's length basis. Notwithstanding the foregoing, no assurance can be given that such transactions shall be in the best interests of the Shareholders.

It is also anticipated that the Company will carry out other transactions with related parties, including its Founding Shareholders. Therefore, the Management requires that transactions with related parties shall be carried out according to transparent conditions that consider the interests of the Company in a manner that can be compared with such similar transactions with non-related parties. However, no assurance can be given with regard to the conditions of such transactions or that all the Company's transactions with related parties represent the best interests of the Shareholders. The Founding Shareholders agreed by virtue of the Shareholders Agreement and the Technical Services Agreements (detailed in Section 15.6 "Material Contracts") to grant CHARTIS and ALICO the power to manage the reinsurance operations of the Company, whereby CHARTIS and ALICO will be the preferred and/or primary providers of reinsurance products to the Company on an arm's length basis considering the interests of the Company. The fact that the Company intends to reinsure a significant quantity of its business, which might reduce the Company's profitability, should also be taken into account.

The Founding Shareholders agreed, in accordance with the trademark license agreements, to license the Company the use of their respective trademarks in the Kingdom within the scope of its business and in relation to its insurance products (see section 15.6.4 "Trademark License Agreement"), whereby the Company becomes dependent upon the Founding Shareholders' trademarks. In case one of the Founding Shareholders decides to exit the Company and/or terminate the trademark license, the Company's operations and profitability may be adversely affected.

2.1.3 Dependence on Key Personnel

Key personnel play a significant role in the success of the Company's business. The success of the Company and its prospects will largely depend upon its ability to attract and retain qualified employees.

Considering that the Saudi insurance market is still facing shortages in qualified human resources to meet its needs, there is no assurance that the Company will be able to attract qualified personnel or to provide appropriate alternatives of qualified employees when the need arises. The loss of the services of one or more member(s) of the senior management team in the short-to-medium term could impede the implementation of the Company's business, which could have a material adverse effect on the Company's financial position and/or the results of its operations.

2.1.4 Staff Misconduct

Notwithstanding the establishment of internal controls and procedures governing staff misconduct, the Company cannot guarantee that incidents of staff misconduct shall not occur. Any such misconduct by staff may cause the Company to be in breach of applicable laws, regulations or rules and such breach may attract disciplinary penalties and financial liabilities and/or damage to its reputation. The Company cannot guarantee that staff misconduct shall not have a material adverse effect on the financial position and/or business results of the Company.

2.1.5 Investment Risks

The Company's operation results shall depend to a certain extent on the performance of its invested assets, which is comprised of the customers' portfolio and Shareholders' portfolio. The investment results may be subject to a combination of investment risks such as the risks related to the general economic conditions, fluctuation of market, fluctuations of the return on investment, liquidity and credit risks. If the Company is unable to synchronize its investment portfolio and liabilities, it may be forced to liquidate its investments at unfavourable times and at unfavourable rates, which in turn, may adversely impact the Company's financial condition and/or results of operation. The investment portfolio is also subject to regulatory restrictions and unavailability of certain financial products, which may reduce the diversification of asset classes leading to the reduction in returns on investment. The management of such investments requires an effective management system and a high degree of capability to select solid and varied investments. If the Company is unable to diversify these investments, the Company's profitability and financial performance may be impacted.

2.1.6 Technology Risk

The business and future prospects of the Company are dependent on the ability of the information technology system to process a large number of transactions in a timely and uninterrupted manner, at a time when processing operations is becoming increasingly complicated with the rapid growth of the Company's portfolio and the volume of its operations.

The proper operation of accounting systems, financial control, customer service, customer database and other information processing systems, including those related to subscription and claims administration, in addition to communications systems between the regional offices and information technology center at the head office is extremely important for the Company's operations and its ability to compete successfully. There can be no assurance that the Company's business activities would not be subject to interruption or that they would not be materially affected in the event of a partial or complete breakdown of any of the main information technology or communications systems.

2.1.7 Reliance on Arab National Bank

The Company expects to rely at the outset of its activity on distribution channels and the customer base of Arab National Bank, one of the Founding Shareholders of the Company. It was agreed pursuant to the Distribution Agreement (see section 2.1.2 "Related Parties Transactions") that Arab National Bank shall support the Company by distributing its products through Arab National Bank's branches across the Kingdom. It also includes the Bank's payable commissions in return of the sales occurring in such branches. Consequently, weak results or loss of a major part of a business through Arab National Bank may adversely affect the Company's activities and financial results. This Distribution Agreement shall be voted on in the Constituent General Assembly.

2.1.8 Trademark Protection

The Company does not, up to the date of this prospectus, have any trademarks (including its logo) or any intellectual property rights registered in its name in any jurisdiction in which the Company exercises its activities. The Company intends to take the necessary legal measures in the future to protect its trademark and brands.

The Company's competitive position partially depends on its ability to use its name and logo on its media and marketing materials and on the systems which market its services, products and programs. The Company's inability to prevent the violation of its rights in the Kingdom could adversely affect its brand and the Company may incur more costs in the exercise of its activities, which in turn impairs the operation results of the Company.

The Founding Shareholders agreed, in accordance with the trademark license agreements, to license the Company to use their respective trademarks in the Kingdom within the scope of its business and in relation to its insurance products (see section 15.6.4 "Trademark License Agreement"), whereby the Company becomes dependent upon the Founding Shareholders' trademarks. In case one of the Founding Shareholders decides to exit the Company and/or terminate the trademark license, the Company's operations and profitability could be adversely affected.

2.1.9 Disagreements with the Insured and the Actions, Claims & Procedures

The Company abides by the prompt settlement and payment of its liabilities towards insured claims; however, this does not guarantee that no disagreements would arise between some customers and the Company. This could lead to lawsuits being instituted against the Company before the judicial authorities, which in turn could expose it to reputational, judicial and statutory risks that may impair the operations of the Company.

In the ordinary course of business, the Company may pursue litigation or judicial claims against third parties and may also have litigation claims filed against it. Some of these claims may result in the payment of material compensations by the Company, which could adversely affect the financial standing or the operation results of the Company. Moreover, the amounts awarded by court judgments are constantly prone to increase due to inflation, which requires the Company to estimate any increase in trends and reflect it in its prices. The inability of the Company to make accurate estimations (due to competition or supervision) or to apply price increments with immediate effect may lead to a potential decrease in its profitability.

It is also possible that the Company would be exposed to future review at any time by regulatory authorities. The Company may not be able to predict the volume or results of such reviews, liabilities or related consequences thereof (in the event that they occur) and the Company cannot guarantee that such review would not lead to any changes which adversely affect the Company's results and/or financial standing.

Some of the Founding Shareholders' subsidiaries have been named in the normal course of their business as plaintiffs and defendants in a number of claims and disputes (for further details on the nature of the actions and claims involving some of the Founding Shareholders' subsidiaries, see section 15.11 "Legal Proceedings and Actions"). Neither the Company nor the Founding Shareholders' subsidiaries are able to predict the results of any proceedings, investigations present or future lawsuit that may occur with any party, nor can they guarantee that such proceedings and lawsuits would not materially nor adversely affect the Company's results and financial position.

2.1.10 Unsuccessful Development or Expansion

The Company's development strategy involves plans to expand its geographical presence in the Kingdom's main cities in the Eastern, Western and middle regions and in the industrial cities established or to be established by the Kingdom. However, the existence of a number of factors beyond the control of the Company, such as the imposition of laws and regulations by SAMA, local or international recession, or the drastic reduction of oil prices, may delay the effective realization of these strategies, which may adversely affect the results of the Company's future activities and the insurance industry and as a result, it will impede the Company's expansion plans and decrease its revenues and profitability.

2.1.11 Recent Incorporation of the Company and the Unavailability of Previous Financial Statements

Although the Company's operations will derive from two of its Founding Shareholders, namely ALICO and CHARTIS in the Kingdom, the Company is still under formation. Therefore, there are no audited financial statements available for any

preceding period. Such financial statements shall not become available to the public and shall not be independently audited before the end of a full Fiscal Year following the IPO. This may render the determination of the Company's financial results and development difficult in the medium term. Due to the unavailability of historical financial statements for the Company, the information that will be provided to the potential investors shall only be an estimate with regards to evaluating the Company's success prospects.

2.1.12 Economic Conditions of the Founding Shareholders

MetLife (parent company of ALICO) and AIG are among the major international providers of insurance services. The latest slump in the global economic conditions and the fluctuation in the international capital markets have had an effect on the business of AIG in 2008G. If such difficult conditions persist in the future, the financial performance of the Founding Shareholders may be adversely affected, which could have a negative impact on the business of the Company.

2.1.13 Initial Public Offering Prior to Final Incorporation

The Company's incorporation process has not yet been finalised and it will not be incorporated until the IPO is completed, the Constituent General Assembly is convened and the Ministerial Resolution announcing the Company's incorporation is issued in accordance with the Companies Regulations. It is possible that one or more of the requirement(s) necessary for the finalisation of the Company's incorporation will not be completely realised, which would, in turn, result in the Company not being incorporated and the need would then arise to refund the subscription amounts to investors.

2.1.14 Experience in the Management of a Public Joint Stock Company

The management of a public joint stock company requires specialised experience in this specific field. The Admission shall result in the Company and its Directors and executive management being subject to specific obligations relating to the preparation of various reports and disclosures and certain restrictions set forth in the regulations and laws issued by the regulatory and supervisory authorities. In addition to such requirements, the mentioned regulatory and supervisory authorities may impose further reporting and disclosure requirements as they may deem appropriate as well as further commitments to comply with the Corporate Governance Regulations. The Company shall adhere to such requirements and shall ensure the fair disclosure of information to the competent regulatory and supervisory authorities, its Shareholders and the public. The Directors are of the opinion that it is in the best interest of the Company to start an active and open dialogue with its Shareholders, financial market specialists, the mass media and the public in general with regard to the historical performance of the Company and its future plans. The Directors are also of the opinion that the disclosure of the Company's strategies, strengths and growth opportunities through an active and open dialogue should have a positive effect on the price of the Shares. Notwithstanding, the Company shall ensure that the Company's main business strategies and operational plans are kept confidential. In order to apply the above mentioned principles, the Company shall apply appropriate internal procedures and arrangements for the management of a public joint stock company. However, such process may give rise to substantial additional burdens on the Management, personnel and other resources, which may, in turn, affect the Company's business and financial performance.

2.1.15 Adequacy of Technical Reserves

The Company must maintain reserves and provisions to cover the projected future claims and liabilities as part of the insurance operations and in compliance with the Insurance Law and its Implementing Regulations.

The process of estimating the liabilities' reserves is a specialised and complicated process with several associated variables and assumptions. In view of the primary risks and inherent uncertainty associated with the determination of the liabilities resulting from unsettled claims, the Company cannot determine the exact amount which it shall eventually pay in order to settle such claims. In addition, the relatively short history and the limited amount of particulars relating to the Saudi insurance industry with regards to previous results of claims could affect the Company's ability to prepare actuarial estimates for specific programs or services, such as healthcare services. As a result of this uncertainty, it is possible that the Company's reserves at any given time may prove inadequate and that the Company may be required to increase its reserves and hence, the business and financial condition of the Company could be adversely affected.

2.1.16 Contracts with Third Parties

For the purpose of expediting the commencement of the Company's activity after obtaining the final license from SAMA, it is anticipated that the Company shall conclude contracts with third parties prior to the date of incorporation.

This includes contracting for the establishment of the head office, hosting and installation of computers and necessary software and structuring of its insurance products which shall be offered to the market within the first year of the commencement of the Company's business. Following its incorporation, the Company may conclude certain contracts with third parties, whereby the Company shall commit that all transactions shall be on a commercial and competitive basis which safeguards the rights of the Shareholders. Voting on such contracts shall be conducted by the Company's general assembly without the participation of the Shareholders who have interests in the respective contracts. Although the Company, its Directors and Founding Shareholders commit to comply with the requirements of Articles (69) and (70) of the Companies Regulations and Article (18) of the Corporate Governance Rules, there is no assurance that such transactions will occur in accordance with the Company's projections.

2.1.17 Non-Renewal of Insurance Policies

Insurance policies shall generally be for a short term. The Company shall seek to build its portfolio and consolidate the loyalty of Subscribers and policyholders. However, if the Company is not able to continue to renew insurance policies as expected, the Company's Subscribed Premiums in future years and its future results of operations may be materially and adversely affected.

2.2 Risks Related to the Market and Regulatory Environment

2.2.1 Regulatory & Statutory Risks

The Company is subject to the Companies Regulations as well as the Insurance Law and its Implementing Regulations issued by SAMA, which are applicable in the Kingdom. Considering that these laws, implementing regulations and requirements are subject to modification and/or amendment and/or cancellation and/or postponement of application, there is no assurance that the business or profitability of the Company will not be affected should any of the foregoing events take place. In the event the Company is deemed to have failed to comply with these regulations, it could potentially be subject to penalties, which may adversely affect the progress of the Company's activities or its profitability.

2.2.2 Competition

The Company expects to operate upon its incorporation in a competitive environment, consisting of more than 33 competing companies, which could adversely affect its sales volume and its profit margins. Competition in the insurance sector is based on several factors, including Subscribed Premiums, terms and conditions of coverage, the service provided, credit rating adopted by independent financial rating agencies, claims service, reputation and the market perception in relation to the Company's solvency and experience. In order to obtain a larger market share, some insurance companies tend to adopt pricing policies that are more aggressive than those of the Company or they may offer alternative forms of risk protection in addition to conventional insurance services. No assurance can be made that the Company will achieve or maintain any specific level of Premiums in such competitive environment. The increasing level of competition and its associated burdens may materially and adversely affect the Company's business and its projections and financial position.

2.2.3 Market Growth

The economic boom witnessed by the Kingdom over the last ten years may not continue to yield benefits to the market generally, including the insurance sector, with the same force in the future. Market growth was supported by high oil revenues and major projects under study and implementation in the Kingdom. In spite of diversification attempts, the Saudi economy remains largely dependent on the oil industry. As a result, the Kingdom's income is subject to fluctuations in oil prices and its financial plans remain subject to global market factors and forces. In addition, economic and political issues may hinder the sustainability of growth in terms of numbers and sizes of major industrial, residential and infrastructure projects, which may consequently affect the growth opportunities for insurance companies.

2.2.4 Saudization Requirements

In line with the regulations issued by the Ministry of Labour, the Insurance Law and its Implementing Regulations, the percentage of Saudi employees in the Company may not be less than 30% of its total workforce at the end of the first year of operation and such percentage shall increase annually according to the Company's business plan. A program encouraging entities to employ Saudi Nationals "Nitaqat" has been adopted pursuant to a resolution of the minister of labour number (4040) dated 12/10/1432H based on the Council of Ministers resolution number (50) dated 21/05/1415H. The Nitaqat program shall be implemented as of 12/10/1432H as a program developed by the Ministry of Labour in order to encourage organisations to employ Saudi nationals and to assess the performance of such organisations and classify them into premium, green, yellow and red. The premium and green categories indicate the highest Saudization

level with entitlement to benefits, the red category which has the lowest Saudization level is dealt with strictly and the yellow category is given a longer period of time for compliance. Nitaqat's system relies on dealing with organisations (companies and institutions) depending on their activity or activities. If the organisation has more than one activity, the Ministry of Labour will deal with that organisation as two independent entities regardless of its main activity or the number of its branches. The Ministry of Labour will deal with an organisation as a separate entity including all branches with similar activities. There can be no assurance that the Company will achieve, increase or maintain the required Saudization ratios. Failure of the Company to meet the Saudization requirements may subject the Company to questioning by the Ministry of Labour or SAMA and the Company may become subject to certain penalties, which may include the suspension, non-renewal or maintenance of work permits of the Company's employees which may, thereby, have an adverse effect on the Company's expansion plans.

In addition, the Ministry of Labour recently issued new instructions in application to the Council of Ministers resolution number (353) dated 25/12/1432H which prescribes the payment by all organisations in the private sector of SAR 200 (two hundred) per month amounting to SAR 2,400 (two thousand, four hundred) per annum for the benefit of the Human Resources Fund for every foreign employee exceeding the average number of Saudi employees in such organisations given that such remunerations shall be paid in advance on an annual basis upon issuance or renewal of his work permit. If the number of expatriate employees increases, the Company may have to pay large amounts of money if such rules apply to it, which may adversely affect the Company's financial position. There can be no assurance that the Ministry of Labour will not impose higher fees or more burdensome requirements, or that the average number of Saudi employees will not decrease, which may have a negative impact on the Company's financial position and the result of its operations.

2.2.5 Required Periodic Reports

Pursuant to the Insurance Law, its Implementing Regulations and the Listing Rules, the Company must periodically produce financial statements and reports to SAMA and the CMA and disclose to the public all material information related to its business, its financial results, capital, ownership structure and financial position. Therefore, if the Company fails to comply with such requirements due to administrative or technical difficulties upon the start of its operations, the submission of required reports could be delayed, which could lead to the imposition of fines or restrictions that may adversely affect the Company's profitability, its reputation, or its ability to operate in the future.

2.2.6 Non-Issuance or Withdrawal of SAMA's License

The incorporation of the Company was approved based on specific conditions which the Company has satisfied or will satisfy in the future. The Company shall, upon the issuance of its commercial registration certificate, apply to SAMA for a license to conduct such insurance activities as the Company may determine. In the event that the Company fails to satisfy such conditions, it may face the risk of not obtaining the required license to conduct its business or if the license has already been obtained, the Company may face the risk of such license being withdrawn.

Pursuant to Article (76) of the Implementing Regulations of the Insurance Law, SAMA shall have the right to withdraw the Company's license if the Company does not commence its business operations within a period of 6 (six) months from the date of its incorporation if: (i) it fails to comply with the Insurance Law or Implementing Regulations; (ii) it becomes apparent to SAMA that the Company has intentionally provided it with inaccurate information; (iii) the Company is declared bankrupt; (iv) it is not able to fulfill its obligations or appears to SAMA that the rights of the policyholders or beneficiaries or Shareholders may be jeopardized because of the way the Company is operating; (v) the Company's paid up capital falls below the prescribed minimum capital requirement; (vi) the Company's business or volume of activity falls to such limit which, in SAMA's opinion, is ineffective for the Company to operate thereunder; (vii) the Company fails to make payments due to beneficiaries without a justifiable cause; (viii) the Company fails to give access to SAMA's officials to examine the Company's records; or (ix) the Company fails to enforce a final judgment relating to any of its insurance disputes. In the event that the Company's license is withdrawn, the orderly continuance of the Company's business shall be obstructed.

2.2.7 Restrictions on Ownership of Insurance Companies

In addition to the lock-in period imposed by the CMA on the Founding Shareholders, whereby they are prohibited from selling their Shares for three (3) full Fiscal Years as of date of the Company's incorporation and where the CMA's approval is required prior to the sale of any such shares subsequent to the expiration of such period, the Insurance Law and its Implementing Regulations impose certain restrictions on the ownership of shares in insurance companies. Pursuant to Article (9) of the Insurance Law and Article (39) of its Implementing Regulations, insurance companies may not open branches inside or outside the Kingdom without obtaining SAMA's written approval. In addition, insurance companies are required to obtain SAMA's written approval for any merger or acquisition of any entities carrying out any banking or insurance business, for obtaining any controlling interest therein, or acquiring shares in another insurance or reinsurance

company. Moreover, according to Article (38) of the Implementing Regulations of the Insurance Law, the Company shall notify SAMA of the percentage of ownership of any person who owns 5% or more of the Company through a quarterly report and it shall notify SAMA in writing of any changes introduced to the ownership percentages. SAMA has published a list setting forth the minimum and maximum ownership percentages of insurance companies, banks, corporate and natural persons in cooperative insurance companies. According to these requirements, insurance companies must obtain SAMA's prior written approval before acquiring, merging with or transferring ownership with any registered insurance company, or before any material change is introduced to its ownership structure. Such restrictions may, in certain instances, limit the Company's ability to attract a financial or strategic investor should SAMA reject or delay its approval or impose certain conditions for granting such approval with which the Company may be unable to comply. This may, consequently, have an adverse effect on the Company's business.

2.2.8 Financial Solvency Requirements

In accordance with Articles (66), (67) and (68) of the Implementing Regulations, the Company is required to maintain a minimum solvency level for various types of businesses. The Company's solvency level is affected primarily by the Subscribed Premiums and reserves required to be maintained which is, in turn, affected by the volume of insurance policies underwritten and by the regulations on the determination of statutory reserves. In addition, the Company's solvency is affected by a number of other factors, including products profit margin, return on investments, subscriptions, insurance costs and reinsurance arrangements.

If the Company continues to grow rapidly, or if the required solvency level is increased in the future, it may be necessary for the Company to raise additional capital to meet the solvency requirements, which could inflate its share capital. If the Company is unable to raise additional capital, it may be forced to reduce the growth of its business operations and may need to limit its dividends or it may not be able to declare dividends at all. This may also result in the application of criminal proceedings against the Company, which may include the withdrawal of its license in certain exceptional instances.

2.2.9 Insurance Business Cycle

The insurance sector witnesses wide fluctuations of Premium levels and operating results of companies in the world and the region for various reasons beyond the companies' control such as the costs of natural disasters, the economic circumstances, intense competition and other factors that may recur at any time, which may significantly affect the Company's solvency or profitability.

2.2.10 Credit Rating Risks

According to Article (42) of the Implementing Regulations of the Insurance Law, the Company shall select a reinsurer with a minimum rating of BBB according to S&P, or its equivalent. If the rating of a selected reinsurer is downgraded below BBB or its equivalent, the Company may need to cease its reinsurance arrangement with the reinsurer, or obtain SAMA's approval, which may materially increase the Company's costs and risks.

2.2.11 Unpredictable Disasters

Insurance of industrial facilities and of residential and commercial buildings constitutes an important source of revenue for insurance companies in comparison with health insurance and automobile insurance. The Company may be vulnerable to losses given that it covers properties against disasters that cause property damage. Disasters can be caused by various natural and unnatural events, the incidence and severity of which are inherently unpredictable, such as hailstorms, floods, winds, fires, explosions, industrial accidents and terrorist attacks, which may cause the Company financial and capital losses.

The extent of losses from disasters is a function of both the total amount of insured exposure and the severity of the event. Disasters can cause losses in a variety of property and casualty lines. Although the Company is determined to control the consequences of catastrophic events through underwriting controls, including policy limits with respect to the aggregate amount of coverage exposed to specific potential events and purchasing re-insurance coverage for the policies issued by the Company (among other procedures), such events are known to be hard to predict, the severity of which and frequency of occurrence may exceed the Company's expectations in terms of financial costs and risk management level. Such severe catastrophic events could have a material adverse effect on the Company's financial condition.

2.2.12 Reinsurers' Risks and Reliance Upon Them

Insurance companies enter into reinsurance arrangements with either international or regional companies in order to limit their insurance coverage risk. Consequently, a reinsurer becomes liable towards the Company within the limit

of the reinsured risks. However, the Company shall not be released of its primary obligation toward the policy-holders considering that it is the direct insurer. There is no assurance that a reinsurer will pay its share of future claims, which may have a material adverse effect on the Company's financial performance and profitability.

The availability of reinsurance and its size and cost are subject to market prevailing terms, which are normally beyond the control of the Company. Article (40) of the Implementing Regulations stipulates that insurance companies should retain at least 30% of the Subscribed Premiums and reinsure 30% of its total Premiums in the Kingdom. If the Company was unable to maintain or replace its reinsurance arrangements, the Company's risk exposure may increase or the Company would be required to reduce the level of its underwriting commitments. In addition, the Company is exposed to credit risks related to the reinsurers, considering that the reinsurers risks do not release the Company of its commitments towards its insured customers.

Although the Company plans to contract with reinsurers with apparent financial stability, the reluctance or inability on the part of a major reinsurer to commit to the terms and conditions of reinsurance agreements would result in substantial adverse effects on the Company's business and/or its financial outcome.

2.2.13 Difficulty to Attract Insurance Qualified Local Personnel

The Company's plan involves the provision of highly qualified and experienced personnel in the insurance industry to work with the Company upon the commencement of its operations. However, the employment of new personnel is necessary to ensure the continuation of the Company in competition. Due to the scarcity of local and highly qualified competences in the cooperative insurance industry, competition among the companies currently operating in the market and new companies prevails, in order to attract such qualifications and maintain them. This in turn will increase the costs incurred in employing, qualifying and maintaining the qualified personnel, which could eventually lead to higher operating expenses and therefore may adversely affect the profitability of the Company.

2.2.14 Absence of Market's Historical Data

Although the Saudi insurance market is not in its infancy, it has only recently been regulated. Therefore, the historical information and data required for the accurate compilation of insurance charts has not been collected and made available. Accordingly, insurance companies rely in their estimates of losses and assessment of Premiums on projections that may not provide the accuracy required and thus could increase the proportion of Insurance Portfolios risks and in turn result in minimizing the profit or occurrence of Company losses.

2.2.15 Risk Management Policies

The Company shall form an audit committee to review and apply policies and procedures to manage the risks, which shall have risk management policies and internal procedures and restrictions based on best international practices and are based on the insurance regulation and the risk management regulation. These policies, internal procedures and restrictions may not be completely sufficient to reduce risk exposure in all circumstances, or to control certain types of risks that have not been identified or predicted. As a result, the financial position of the Company, its business, cash flow and operations results may be adversely affected due to exposure to the successive accumulation of risks.

2.2.16 Economic Conditions and Insurance Sector Status

The financial performance of insurance companies depends significantly on economic conditions in the Kingdom and on global economic conditions that affect its economy. Changes in economic conditions can affect the financial results of insurance companies through their effect on market conditions and investment returns and through changes in consumer demand for the Company's products and services. Moreover, Premium trends and claims in the insurance and reinsurance market are volatile in nature and unforeseen events such as natural disasters, rising inflation rates, competition and judicial decisions may affect the volume of future claims and adversely reflect on the profits and returns of the insurance sector and industry.

The Company cannot predict the future impact resulting from changes in economic and insurance sector conditions on its business; these conditions may not be favorable. Therefore, there can be no assurance that future conditions shall not materially and adversely affect the Company's profitability and revenues.

2.3 Risks Relating to the Shares

2.3.1 Absence of a Prior Market for the Shares

The Shares have not been traded in the Saudi stock market and there can be no assurance that an active trading market

for the Company's shares will develop or be sustained after this Offering. If an active trading market is not developed or maintained, the trading liquidity or price of the Shares could be adversely affected. There is no assurance that the Shares shall be traded at a price equivalent to or higher than the Offer Price upon commencement of trade. The Shares may be subject to high volatility driven by a number of reasons including the general economic environment in the Kingdom, insurance market conditions, the Company's performance and results of operation, in addition to factors which the Company has no influence over and are beyond its control.

2.3.2 Dividends

The decision to distribute dividends by the Company depends on, among other things, the financial position of the Company, future profits, working capital requirements, distributable reserves and credit available to the Company as well as economic conditions and other factors that the Directors deem significant from time to time.

Although it is the Company's intention to pay dividends to its Shareholders, the Company does not guarantee that dividends will actually be paid in any given Fiscal Year. Payment of dividends by the Company is subject to certain restrictions mentioned in the Bylaws and the relevant regulations (see section 14 "Summary of Bylaws").

2.3.3 Effective Control by the Founding Shareholders

Despite the undertaking by the Directors to comply with the provisions of Articles (69) and (70) of the Companies Regulations, Articles (9, 18), Article (10(b)), Article (12(c)), Article (12(e))E, Article (14) and Article (15) of the Corporate Governance Rules, as well as the Company's compliance with the principle of disclosure in the Board of Directors' reports with regard to the provisions applied in the Corporate Governance Regulation and the non-applied provisions and grounds thereof, following this Offering, the Founding Shareholders will collectively own 70% of the issued Shares. Therefore, the Founding Shareholders shall have the ability to significantly influence all major decisions involving the Company. In particular, they will be able to influence all matters requiring Shareholders' approval, the Company's financial standing and the results of operations, including substantial expenses of the Company, appointment of the members of the Board, significant deals and transactions and alteration of the capital.

2.3.4 Fluctuations in Share's Prices

The Subscribers may not be able to re-sell the Shares already subscribed to at the same price of subscription or higher, due to several factors including the Company's financial performance, its position, reputation in the market and the general investment environment in the financial market. The trading price of Offer Shares in the market may be influenced after completion of the subscription process by several factors, such as variation in the Company's operation results, market conditions and fluctuations, change in economic conditions or change in Government regulations.

2.3.5 Future Sale and Offering

Stock market prices may be adversely affected due to the substantial sale transactions of Shares in the market, or the perception that such transactions may occur following the completion of the IPO. The Founding Shareholders are subject to a lock-in period of 3 (three) full Fiscal Years commencing from the date of incorporation of the Company during which they may not dispose of their Shares, each Fiscal Year consisting of a minimum 12 (twelve) months (the "Statutory Lock-in Period"). Once the Statutory Lock-in Period has elapsed, the Founding Shareholders must seek the CMA's approval if they wish to dispose of any of their Shares. The Founding Shareholders have agreed, by virtue of the Shareholders Agreement (See section 15.6 "Material Contracts"), on a contractual lock-in period which extends to 5 (five) years as of date of incorporation of the Company under the terms and conditions detailed in this agreement. There are several other restrictions on shareholding in insurance companies (See section 2.2.7 "Restrictions on Ownership of Insurance Companies"). Although the Company does not currently intend to issue additional shares following the completion of the Offering, the issuance by the Company or sale by any of the Founding Shareholders following the expiry of the Statutory Lock-in Period of a substantial number of Shares could result in a lower market price of the Shares.

2.3.6 Future Information

Some of the data included in this Prospectus relates to future information which involves both known and unknown risks, in addition to other factors of uncertainty which may affect the actual results of the Company. Such information includes, without limitation, data related to the Company's financial position, business strategy, plans and objectives related to the Company's future operations (including development plans and objectives related to the Company's programs and services). If such assumptions are proved inaccurate, then the actual results may be significantly different from those set out in the Prospectus.

3. MARKET OVERVIEW

3.1 Insurance Market Overview

The information on the insurance industry and other data regarding the market in this Prospectus has been obtained from different sources including information and analysis of the insurance industry obtained from sources and materials issued by third parties and are made available to the public. Such information, sources and estimates are thought to be reliable and the Company has made reasonable inquiries to verify the information included in and as of the date of this Prospectus. Whilst neither the Company nor the Financial Advisor or any other Advisors whose names appear in pages (vii-viii) have any reason to believe that the information included in this Prospectus is inaccurate, no representation can be made with respect to the accuracy of any of that information. Moreover, the consent to reveal the sources of the information has not been obtained as most of the information is publically available. This Prospectus includes information from reports issued by the organisations listed below:

3.2 Sources of Information

A. The Saudi Arabian Monetary Agency ("SAMA")

SAMA was established in 1952G. It is responsible for the issuance of the national currency, acts as the bank of the Government, supervises the commercial banks, manages the Kingdom's reserve of foreign currency, manages the monetary policy to maintain the stability of exchange rates, consolidates the growth of the financial system and assures its safety and supervises insurance and reinsurance companies and service providers. The information prepared by the SAMA, as used in this Prospectus is publicly available and is accessible via the internet. Therefore, consent to use this information in the Prospectus has not been sought.

B. Swiss Reinsurance Company ("Swiss Re")

Swiss Re is one of the leading companies in the field of reinsurance. It was established in 1863G in Zurich, Switzerland. Swiss Re has a presence in more than 25 countries and publishes a range of reports on insurance markets worldwide.

The information produced by Swiss Re as used in this Prospectus is publicly available and is accessible via the internet. Therefore, consent to use this information in the Prospectus has not been sought.

C. Business Monitor International ("BMI")

BMI was founded in 1984G by Richard Londesborough and Jonathan Feroze, the company's joint CEOs, who both continue to play a full role within the company. BMI publishes reports and economic surveys on various subjects including financing, economic analysis and forecasts. BMI's customers and clients span more than 130 countries worldwide, including more than 400 of the Global Fortune 500 companies. BMI currently employs more than 130 staff at its HQ in Blackfriars, London, plus many specialist contract analysts and researchers. The company also has a sales and editorial office in Singapore.

Neither BMI nor any of its affiliates, shareholders, directors or their Relatives have acquired shares or have any interest in the Company. The information obtained from BMI is not publicly available and therefore written consent to use this information in this Prospectus has been sought. BMI has given and not withdrawn its consent to the use of its information and research results related to the market study in the Prospectus as of the date of the Prospectus.

D. Central Department of Statistics & Information ("CDSI")

The CDSI was founded by virtue of the Statistics Law, promulgated through Royal Decree No. 23 dated 7/12/1379H. The CDSI is affiliated to the Ministry of Economy and Planning. The Statistics Law of the Kingdom determined the CDSI's powers and made it the sole agency for collecting and compiling official statistics in the Kingdom. The Statistics Law also assigned to the CDSI the task of collecting all types of statistical operations, which are required in all development fields, whereby it is considered to be responsible for providing governmental agencies, public and private institutions and individuals with official statistical information and data.

The information produced by CDSI as used in this Prospectus is publicly available and is accessible via the internet. Therefore, consent to use this information in the Prospectus has not been sought.

3.3 Overview of the Saudi Economy

The Saudi economy depends primarily on petroleum and major economic sectors are subject to strict governmental rules and procedures. The Kingdom possesses over 20% of the world's proven petroleum reserves and ranks as the second largest exporter of petroleum with a leading role in the Organization of the Petroleum Exporting Countries ("OPEC"). The petroleum sector accounts for approximately 80% of the budget, 45% of the gross domestic product ("GDP") and 90% of export earnings. The Kingdom is keen on encouraging the growth of the private sector in order to diversify its economy and to increase employment opportunities to Saudi nationals.

The preliminary data issued by the CDSI indicate that the GDP in 2012G has witnessed a rise in value at current prices reaching 8.36% compared to 2011G. Its value in has reached SAR 2,720,000 (two million, seven hundred twenty thousand Saudi Riyals) compared to SAR 2,510,000 (two million, five hundred and ten thousand Saudi Riyals) in 2011G. The rise of the GDP for the Government, private and oil sector at current prices in 2012G has reached 10.63%, 11.51% and 6.04% respectively, compared to 2011G, while the growth of these sectors in real prices reached 6.25%, 7.48% and 5.54%, respectively, compared to 2011G.

The general index of the stock prices at the end of the fourth quarter of 2012G decreased by 0.6% compared to a increase of 1.9% in the previous quarter, recording an annual rise of 6%. The number of traded shares in the fourth quarter of 2012G decreased by 28.7% compared to a decrease of 44.1% in the previous quarter, whereas the number of annually traded shares decreased by 17.7%. The total value of traded shares in the fourth quarter of 2012G decreased by 15.5% compared to a decrease of 34.2% in the previous quarter, while accomplishing an annual decrease of 3%⁴.

The Kingdom is witnessing a significant growth in its population, with a record growth of 2.88% in 2012G compared to 2011G to reach about 29,200,000 (twenty-nine million, two hundred thousand) people⁵. The growth of the population is accompanied by a raise in the demand on insurance services generally and individual insurance services specifically, such as health insurance and casualty insurance.

In 13/04/1432H (corresponding to 18/03/2011G.), a number of royal orders⁶ were issued to regulate the employment market and support consumers. These orders include:

- The adoption of an allocation of SAR 2,000 (two thousand Saudi Riyals) per month to job seekers in both the public and private sectors.
- Setting a minimum wage of SAR 3,000 (three thousand Saudi Riyals) per month for Saudi nationals working in the public sector.
- Committing to build 500,000 (five hundred thousand) housing units throughout the Kingdom, with a budget of SAR 250,000,000,000 (two hundred fifty billion Saudi Riyals).
- Establishing the National Anti-Corruption Commission.
- Providing the Ministry of Health with SAR 16,000,000,000 (sixteen billion Saudi Riyals) to implement the expansion of a number of hospitals and health care centres.
- Raising the upper limit of the private hospitals financing program at the Ministry of Finance from SAR 50,000,000 (fifty million Saudi Riyals) to SAR 200,000,000 (two hundred million Saudi Riyals).

On 12/08/1433H (corresponding to 02/07/2012G), a Council of Ministers resolution was issued to promulgate the mortgage law which provides the required assurances in the practice of real estate financing, sets out the obligations and rights of the mortgage parties and provides flexibility as to the use of real estate assets. Moreover, the issuance of the real estate financing act should establish a market for real estate financing whereby joint stock companies in collaboration with real estate developers will enable beneficiaries to own real estate while protecting the rights of the parties involved under the supervision and control of SAMA⁷.

It is expected that these orders and resolutions will positively affect the consumers' budget in addition to the growth of the real estate sector, healthcare sector and will improve the investment environment.

3.4 International Insurance Markets⁸

After a decline of the financial crisis in 2008G, which continued for two consecutive years, the global insurance industry found its way back to growth in 2010G. The total amount of annual Premiums in the world (the growth rate being adjusted by the

⁴ SAMA: Economic evolution report for Q4 of 2012G.

⁵ CDSI: www.cdsi.gov.sa.

⁶ SAMA.

⁷ SAMA: economic evolution report for Q3 of 2012G.

⁸ Swiss Re Sigma Report No. 2/2011.

average rate of global inflation) rose by 2.7% to reach SAR 16,271,000,000 (sixteen billion, two hundred seventy one Saudi Riyals), whilst in 2011G, it decreased by 9.0% but is still above the level it was at the time of the 2008G crisis.

The following table shows the actual growth in international insurance Premiums for 2011G:

	Life Insurance	General Insurance	Total
Industrialized Countries	-2.7%	0.9%	-1.2%
Emerging Markets	-5.1%	8.9%	1.1%
World	-3.0%	2.2%	-0.9%

Source: Swiss Re- World Insurance Audited Report 2011G

Protection and savings insurance Premiums decreased by about 3%, amounting to SAR 9,820,000,000 (nine billion, eight hundred twenty million Saudi Riyals) in 2011G. However, there are noticeable differences in the insurance Premiums in the industrialized countries. In 2011G, the insurance Premiums increased in the United States of America because of the recovery of the savings products and reached up to SAR 4,580,000,000 (four billion, five hundred eighty million Saudi Riyals) increasing to 1.9% compared to 2010G, while insurance Premiums decreased by 5.4% in Western Europe.

As for the Middle East, Central Asia and Turkey, the protection and savings insurance market continued its growth in 2011G, as insurance Premiums rose by 15.8% and amounted to SAR 43,600,000,000 (forty-three billion, six hundred million Saudi Riyals). General insurance Premiums increased by 15.2% in 2011G and reached SAR 143,000,000,000 (one hundred forty-three billion Saudi Riyals). The growth was noticeable in the Kingdom and Qatar, due to the increase of the public spending and industrial infrastructure investments in addition to the increase of the risks awareness in those countries.

The insurance market witnessed a strong recovery in Turkey and the oil-exporting countries in 2011G. Protection and savings in Turkey rose by 15.6% and by 15.4% in the United Arab Emirates respectively, whereas it decreased by 6.9% in the Kingdom. General insurance Premiums increased by 14% in Turkey, 8.8% in the Kingdom, 3.7% in Jordan and 7% in Qatar.

The following table shows the total value of insurance Premiums in some countries of the Middle East and North Africa for the years 2009G-2011G:

Country	Total Premium (SAR million)			Percentage of the International Insurance Market
	2009	2010	2011	2011
United Arab Emirates	20.460	22.815	24.514	0.14%
Iran	17.663	21.614	31.010	0.18%
Kingdom of Saudi Arabia	14.610	16.390	18.505	0.11%
Morocco	9.686	9.748	10.652	0.06%
Egypt	5.869	6.451	6.429	0.04%
Algeria	3.994	4.099	4.456	0.03%
Lebanon	3.570	4.182	4.579	0.03%
Qatar	2.899	3.653	3.938	0.02%
Tunisia	2.839	2.907	3.008	0.02%
Oman	2.321	2.449	2.749	0.02%
Kuwait	2.209	2.693	3.072	0.02%
Bahrain	1.999	2.100	2.145	0.01%
Jordan	1.928	2.160	2.333	0.01%

Source: Swiss Re, Sigma 3/2012

3.5 Evolution of the Saudi Insurance Sector

The insurance sector is considered one of the pillars of the financial services sector in the Kingdom, through the provision of risk transfer mechanisms and encouragement of long-term savings, making it one of the most important factors of growth of the national economy. Until recently, the insurance sector in the Kingdom was characterized by the absence of regulatory and supervisory authorities and the existence of insurance companies registered abroad, mostly in Bahrain. This was until the Council of Senior Ulema issued Resolution No. 51 dated 04/03/1397H (corresponding to 23/03/1977G) which ruled that the cooperative insurance is a form of a donation contract and that it is accepted under Sharia laws. Therefore, the Council has recommended the establishment of corporate insurance companies by the Government to substitute the commercial insurance. After the Islamic jurisprudence decision in 16/04/1406H (corresponding to 28/12/1985G) and as a result thereof, the Government agreed to the principles of cooperative insurance through the establishment of the Cooperative Insurance National Company for (cooperative) in 07/05/1406H (17/01/1986G). In 2003G, the Insurance Law was promulgated by Royal Decree No. (M/32) dated 02/06/1424H (corresponding to 31/07/2003G), followed by the issuance of its Implementing Regulations by resolution of the Minister of Finance No. 1/596 dated 1/3/1425H. The main objective of the Insurance Law and its Implementing Regulations is to regulate the insurance sector in the Kingdom. The Insurance Law assigned SAMA the tasks of supervising and controlling the insurance sector in the Kingdom, which issued several regulations in addition to regulatory and supervisory circulars governing the granting of licenses to exercise insurance activities in the Kingdom, in addition to enforcing the provisions of the Insurance Law, on insurance companies, re-insurance companies, brokers and claims' administrators. The Insurance Supervision Department, at SAMA, aims to:

- Protect the rights of policyholders and shareholders.
- Ensure fair and effective competition and provide better services with competitive insurance prices and coverage.
- Enhance the stability of the insurance market.
- Develop the insurance market in the region, including the provision of training and employment opportunities for Saudi nationals.

With the new regulations, the insurance sector witnessed remarkable growth, as a number of insurance companies have been established by offering their shares for public subscription. The number of insurance and reinsurance companies registered in accordance with the Insurance Law and listed on the Exchange amounts to 33 (thirty-three) companies as of date of this Prospectus.

The insurance sector in the Kingdom is characterized by a large number of positive features and is considered large compared to other developing countries. The insurance sector is witnessing a rapid growth compared to 2004G-2005G, where the penetration rate of general insurance has tripled since that time. Despite the massive growth of protection products from a reduced base in the Kingdom, life insurance products remain small. The main reason behind the growth of the insurance sector in the Kingdom came as a result of the application of mandatory medical insurance. The Kingdom is considered unique in this sector, since it requires all insurance companies to operate on cooperative insurance basis, therefore, it constitutes the largest sector in the world, which complies with Islamic laws and represents half of the total Subscribed Premiums complying with Islamic law in the world⁹. Results for listed insurance companies of 2011G show that the value of the Subscribed Premiums in the insurance market amounts to SAR 18,504,000,000 (eighteen billion, five hundred four million Saudi Riyals) compared to SAR 16,387,000,000 (sixteen billion, three hundred eighty-seven million Saudi Riyals) for 2010G, which shows a rise of 12.9%. The largest 8 (eight) insurance companies have made approximately 68.6% of the total Subscribed Premiums in the insurance market, whereas the remaining companies made 31.4% of the gross Premiums.¹⁰

In general, health insurance is the key area for the growth of the insurance sector, as a result of increased global demand for healthcare and the need for coverage against risks due to rising healthcare costs. Economic developments have a major impact on the ability of states to provide healthcare and health insurance. In the Kingdom, there is a growing demand for medical facilities, as the public sector dominates the provision of healthcare, which accounts for 75% of the state expenditure. The Ministry of Health, the Ministry of Defence and state-owned enterprises provide 80% of bed capacity of hospitals in the Kingdom. According to the Minister of Health, Abdullah Al Rabiea', the Ministry of Health provides 60% of healthcare services in the Kingdom. In 2011G, the Government allocated SAR 68,700,000,000 (sixty-eight billion seven hundred million Saudi Riyals) to develop health and social care, compared to SAR 61,300,000,000 (sixty-one billion, three hundred million Saudi Riyals) in 2010G and SAR 40,600,000,000 (forty billion, six hundred million Saudi Riyals) in 2009G. At the end of 2011G, the Government announced its decision to increase the budget of health care in 2012G by 26%. This budget will be used to increase the number of hospitals in the few coming years, representing a 50% increase to the size of the health care system in the Kingdom.¹¹

⁹ Business Monitor's report for Q4 of 2012G.

¹⁰ SAMA – Insurance Supervision Department, Saudi Insurance Market Survey Report (2011G): This report consists of data from 33 insurance and reinsurance companies.

¹¹ Business Monitor's report for Q4 of 2012G.

The Kingdom is considered to be in a phase of healthcare expansion with 251 (two hundred fifty one) hospitals and 2109 (two thousand, one hundred nine) preliminary healthcare facilities, in addition to the projects of the Ministry of Health which amounted to 621 (six hundred twenty one) preliminary healthcare facilities from the beginning of the year 1430H to the year 1433H. Forty seven hospitals operating at an aggregate capacity of 4770 (four thousand, seven hundred and seventy) beds have been implemented and another 706 (seven hundred and six) health centres and 128 (one hundred twenty eight) hospitals are under construction. The construction and planning of King Khalid Medical City in the Eastern region, King Faisal Medical City in the Southern region and Prince Mohammed Bin Abdulaziz Medical City in the Northern region have been initiated, along with the expansions and bed additions in each of King Abdullah Medical City in Mecca and King Fahad Medical City in Riyadh. These projects and planning will lead to doubling the number of beds at the Ministry of Health compared to the year 1430H to reach 66,000 (sixty six thousand) beds in the next 7 years.¹²

In recent years, the Government increasingly sought to shift the burden of providing healthcare to employers. Demographic changes are increasing the pressure on the Saudi health sector, with a growing population of about 3% per year considered as one of the highest rates in the world. In light of these indicators, the Government has concluded that the public health system cannot be funded by the Government on a long-term basis.

Due to the introduction of compulsory health insurance in 2006G, BMI expects a larger understanding over the coming years, which demonstrates the success of the Government's program for the adoption of health sector funding by the private sector.¹³

3.5.1 Economic Changes and the Insurance Sector

Recent years have witnessed a consistent increase of efforts for the structural development of the national economy and the improvement of productivity, in addition to improving the investment climate and the business environment. This resulted in the expansion of the private sector's participation and the increase of the non-petroleum sectors' contribution in the total national production, which led to a number of promising investment opportunities for private investment and employment opportunities for citizens. The number of employees in insurance companies in the Kingdom reached 7,457 (seven thousand, four hundred fifty-seven) in 2011G compared to 7,081 (seven thousand, eighty-one) employees in 2010G. The Saudization percentage in insurance companies reached 53% of the total work force, an increase of 3% in comparison to 2010G. The Saudization percentage in managerial and non-managerial positions increased to 40% and 55% respectively in 2011G compared to 33% and 53% in 2010G.¹⁴

3.5.2 Insurance Market Performance in the Kingdom

In 2011G, the insurance sector was the most active sector in relation to the number of executed transactions. It reached approximately 6,960,000 (six million, nine hundred sixty thousand) transactions representing 27.24% of the total number of executed transactions throughout the year compared to the petrochemical industry which came second with about 4,070,000 (four million, seventy thousand) transactions of 15.95%. This was followed by the food and agriculture industry came in the third place with about 3,000,000 (three million) transactions of 11.76% of the total executed transactions.¹⁵

The insurance market in the Kingdom continued its growth in 2011G. The gross Subscribed Premiums amounted to around SAR 18,500,000,000 (eighteen billion, five hundred million Saudi Riyals) compared to SAR 16,400,000,000 (sixteen billion, four hundred million Saudi Riyals) in 2010G, achieving a growth rate of 12.9%.

Health insurance maintained its top ranking among insurance activities in 2011G given that it is the largest insurance activity, making up for 52.5% of the gross insurance Premiums. It was followed by general insurance, which accounted for 43% of the gross insurance Premiums although the gross Subscribed Premiums of protection and savings insurance decreased by 6.9% amounting to SAR 905,000,000 (nine hundred five million Saudi Riyals) in 2011G (representing 5% of the insurance market) compared to SAR 972,000,000 (nine hundred seventy-two million Saudi Riyals) in 2010G.

Profitability of Insurance Market in the Kingdom

In 2011G, the gross income from underwriting¹⁶ in the insurance market amounted to SAR 927,000,000 (nine hundred twenty-seven million Saudi Riyals), with a decrease of 25% in comparison to 2010G. The investment income¹⁷ amounted to SAR 70,000,000 (seventy million Saudi Riyals) compared to SAR 159,000,000 (one hundred fifty-nine million Saudi Riyals)

¹² Ministry of Health report: <http://www.moh.gov.sa/Ministry/MediaCenter/News/Pages/news-2012-12-08-001.aspx>

¹³ Business Monitor's report for Q4 of 2012G.

¹⁴ SAMA – Insurance Supervision Department, Saudi Insurance Market Survey Report 2011G. Note: SAMA requires recently licensed insurance companies to comply with the Saudization requirement of 30% during the first year of operation according to Article (79) of the Implementing Regulation.

¹⁵ Annual statistical report of the Saudi Stock Exchange in 2011G (Tadawul).

¹⁶ The income from underwriting in the insurance market is calculated by deducting the insurance related expenses from the insurance profits (net premiums earned).

¹⁷ Investment income equals the gross investment income minus the total investment expenses.

in 2010G. The net profits¹⁸ decreased to SAR 89,000,000 (eighty-nine million Saudi Riyals) compared to 1,140,000,000 (one billion, one hundred forty million Saudi Riyals) in 2010G by 22%. The return on assets¹⁹ and the return on equity²⁰ amounted to 2.8% and 9.7% respectively.

Insurance Depth (2007G – 2011G)

Activity	Gross Domestic Product (GDP)				
	2007	2008	2009	2010	2011
Total Health Insurance	0.21%	0.27%	0.52%	0.51%	0.45%
Total Protection and Savings Insurance	0.02%	0.03%	0.07%	0.06%	0.04%
Total General Insurance	0.36%	0.31%	0.45%	0.40%	0.36%
Total	0.59%	0.61%	1.04%	0.97%	0.85%

Source: Saudi Insurance Market Survey Report 2011G by SAMA- Insurance Supervision Department

Insurance depth is the rate of gross Subscribed Premiums to the GDP. According to the table above, the insurance depth decreased to 0.85% in 2011G compared to 0.97% in 2010G. This decrease was a result of higher growth in the GDP; 28% in 2011G compared to 18.6% in 2010G.

Insurance Density (2007G – 2011G)

Activity	Individual Spending Rate (SAR)				
	2007	2008	2009	2010	2011
Total Health Insurance	128	194	287	320	358
Total Protection and Savings Insurance	14	24	40	36	33
Total General Insurance	216	222	249	248	291
Total	358	440	576	604	682

Source: Saudi Insurance Market Survey Report 2011G by SAMA- Insurance Supervision Department

Insurance density is the individual spending rate on insurance (gross Subscribed Premiums divided by population). According to the table above, the insurance density increased by 14.6% from SAR 604 (six hundred four Saudi Riyals) per individual in 2010G, to SAR 682 (six hundred eighty-two Saudi Riyals) in 2011G. The individual's spending rate increased on the insurance services by an annual average increase of 17% between the period of 2007G and 2011G, whereas the insurance density percentage on the protection and savings insurance remained at a low rate generally compared to general insurance and health insurance as it amounted to SAR 33 (thirty-three Saudi Riyals) per individual.²¹

3.5.3 Total Subscribed Premiums by Line of Business

Insurance activities in the Kingdom are broken down to nine categories, namely: health insurance, motor insurance, protection and savings insurance, property and fire insurance, engineering insurance, marine insurance, accident and other liabilities insurance, energy insurance and aviation insurance.

Motor insurance and health insurance represent 73.7% of the gross Subscribed Premiums in 2011G. Health insurance maintained its position as the largest insurance activity, its share amounting to 52.5% of the gross Subscribed Premiums and motor insurance took second place with 21.2% of the gross Subscribed Premiums. The Subscribed Premiums increased for marine insurance and property insurance by 22.4% each, whereas the Subscribed Premiums for aviation insurance decreased by 10.6%.

Health insurance constitutes the largest part of the gross Premiums as it amounted to SAR 8,700,000,000 (eight billion seven hundred million Saudi Riyals) with 53% of the gross Premium in 2010G compared to SAR 7,300,000,000 (seven billion three hundred million Saudi Riyals) and 50% in 2009G, which is an increase of 19%. Motor insurance comes in second place in terms of gross Premiums as it constitutes 20% of the gross Premiums and it amounted to SAR 3,200,000,000 (three billion two hundred million Saudi Riyals) in 2010G compared to SAR 3,100,000,000 (three billion one

¹⁸ Net profits equal the total revenue minus the total expenses.

¹⁹ Revenues from assets can be calculated by dividing the net profits by the total assets.

²⁰ Revenues from property rights can be calculated by dividing the net profits by total property rights.

²¹ SAMA - Insurance Supervision Department - Saudi Insurance Market Survey Report (2011G).

hundred million Saudi Riyals) and 21% in 2009G, which reflects an increase of approximately 6%.

The following table shows the total value of Subscribed Premiums distributed by line of business for the period 2007G-2011G:

SAR (million)	2007		2008		2009		2010		2011		Growth
Line of Business	Gross Premiums	% of Gross	Gross Premiums	% of Gross	Gross Premiums	% of Gross	Gross Premiums	% of Gross	Gross Premiums	% of Gross	2010 2011
Heath	3,065	36.0%	4,805	44.0%	7,292	50.0%	8,690	53%	9,708	52.5%	11.7%
Motor	2,440	28.0%	2,542	23.0%	3,055	21.0%	3,239	20%	3,922	21.2%	21.1%
Protection & Saving	327	4.0%	594	5.0%	1,003	7.0%	972	6.0%	905	4.9%	-6.9%
Property & Fire	742	9.0%	798	7.0%	905	6.0%	959	6.0%	1,157	6.3%	20.7%
Engineering	480	6.0%	682	6.0%	810	6.0%	869	5.0%	913	4.9%	5%
Marine	532	6.0%	620	6.0%	525	4.0%	518	3.0%	634	3.4%	22.4%
Accident & Other Liability	577	7.0%	531	5.0%	544	4.0%	507	3.0%	632	3.4%	24.6%
Energy	305	4.0%	208	2.0%	302	2.0%	329	2.0%	361	2.0%	9.8%
Aviation	114	1.0%	139	1.0%	174	1.0%	304	2.0%	272	1.5%	-10.6%
Total	8,583	100%	10,919	100%	14,610	100%	16,387	100%	18,504	100%	12.9%

Source: Saudi Insurance Market Survey Report 2011G by SAMA- Insurance Supervision Department

3.5.4 Net Subscribed Premiums by Line of Business

Net Subscribed Premiums are the Premiums held by insurance companies after deducting Premiums assigned to local and international re-insurance companies from gross Subscribed Premiums based on the activity. As per the below table, the net Subscribed Premiums increased by 14.7% from SAR 11,800,000,000 (eleven billion, eight hundred million Saudi Riyals) in 2010G to SAR 13,530,000,000 (thirteen billion, five hundred thirty million Saudi Riyals) in 2011G. Motor insurance and health insurance constituted approximately 88.2% of the gross Subscribed Premiums in 2011G.

Health insurance maintained its position as the largest insurance activity with a share of 60.8% out of the total net Subscribed Premiums. Motor insurance took second place, whereas the motor insurance share increased from Subscribed Premiums to 27.4% in 2011G in comparison to 26% in 2010G.

The following table shows the total net Subscribed Premiums by line business for the period 2007G-2011G:

SAR (million)	2007		2008		2009		2010		2011		Growth
Line of Business	Gross Premiums	% of Gross	Gross Premiums	% of Gross	Gross Premiums	% of Gross	Gross Premiums	% of Gross	Gross Premiums	% of Gross	2010 2011
Heath	2,403	42.0%	3,751	51.0%	5,557	55.0%	7,120	60.0%	8,225	61%	15.5%
Motor	2,297	41.0%	2,459	34.0%	2,944	29.0%	3,099	26.0%	3,711	27%	19.7%
Protection & Savings	267	4.0%	468	6.0%	908	9.0%	877	7.0%	841	6%	-4.1%
Property & Fire	84	2.0%	95	1.0%	105	1.0%	126	1.0%	136	1%	7.1%
Engineering	98	2.0%	122	2.0%	125	1.0%	114	1.0%	131	1%	-15.2%
Marine	170	3.0%	202	3.0%	183	2.0%	175	2.0%	205	2%	16.9%
Accident & Other Liability	219	4.0%	217	3.0%	244	2.0%	276	2.0%	280	2%	1.4%
Energy	2	0%	1	0%	5	0%	8	0%	7	0%	- 2.3%
Aviation	4	0%	6	0%	1	0%	5	0%	1	0%	- 74.4%
Total	5,544	100%	7,321	100%	10,073	100%	11,800	100%	13,537	100%	14.7%

Source: Saudi Insurance Market Survey Report 2011G by SAMA- Insurance Supervision Department

3.5.5 Retention Ratio by Line of Business

Retention ratio is a measure for the Premiums retained by the insurance company is calculated by dividing net insurance Premiums by gross Subscribed Premiums.

The overall retention ratio of insurance companies in the Kingdom increased from 70.9% in 2010G to 73.2% in 2011G as a result of the rise in the retention ratio for motor and health insurance, which makes up for 73.7% of the total Subscribed Premiums, representing the highest retention ratio. Retention ratio for motor insurance amounted to 95.0% and health insurance amounted to 85.0% in 2011G, whereas the estimated average retention ratio for other insurance products decreased by 18% in 2011G compared to 2010G.

The following table shows the total retention ratio by line of business for the period 2007G-2011G:

Retention Ratio by Line of Business*	2007	2008	2009	2010	2011	Rate of Change 2010-2011
Health	78.4%	78.1%	76.2%	81.9%	85.0%	3.7%
Motor	94.1%	96.7%	96.4%	95.7%	95.0%	-0.7%
Property & Fire	11.3%	11.9%	11.6%	13.2%	14.0%	6.0%
Engineering	20.3%	17.9%	15.5%	13.1%	12.0%	-8.3%
Marine	31.9%	32.5%	34.9%	33.8%	32.0%	-5.3%
Accident & Other Liability	38.0%	40.9%	44.9%	54.4%	44.0%	-19.1%
Energy	0.8%	0.4%	1.7%	2.3%	2.0%	-13.0%
Aviation	3.1%	4.0%	0.6%	1.6%	0.1%	-93.7%
Total	63.9%	66.4%	67.4%	70.9%	73.2%	3.2%

Source: Saudi Insurance Market Survey Report 2011G by SAMA- Insurance Supervision Department

*Protection and Savings insurance retention ratios are not shown in the table above, as savings must be retained in the Saudi Company. Hence, protection and savings insurance retention ratios cannot be compared to other insurance contracts.

* Licensed or recently licensed insurance companies shall comply with the minimum retention ratio of 30% in accordance to Article (40) of the Implementing Regulation.

3.5.6 Total Paid Claims by Line of Business

The total claims paid by insurance companies in the Kingdom increased from SAR 8,500,000,000 (eight billion, five hundred million Saudi Riyals) in 2010G to SAR 11,500,000,000 (eleven billion, five hundred million Saudi Riyals) in 2011G, at an average growth rate of 37%. The total claims of health insurance and motor insurance, increased by 45.1% and 34.1% respectively. The protection and savings insurance achieved the highest growth rates in the total paid claims with an increase of 114.7% from SAR 136,200,000 (one hundred thirty-six million, two hundred thousand Saudi Riyals) to SAR 292,500,000 (two hundred ninety-two million, five hundred thousand Saudi Riyals) in 2011G.

The following table shows the total paid claims by line of business for the period 2007G-2011G:

SAR (million)	2007		2008		2009		2010		2011		Growth
Activity	Total Claims	% of Total	Total Claims	% of Total	Total Claims	% of Total	Total Claims	% of Total	Total Claims	% of Total	2010 2011
Health	1,898	47%	2,839	54%	4,010	55%	5,440	64%	7,297	64%	34.1%
Motor	1,218	30%	1,492	29%	1,621	22%	1,882	22%	2,730	24%	45.1%
Protection & Saving	38	1%	140	3%	169	2%	136	2%	293	3%	114.7%
Property & Fire	283	7%	315	6%	456	6%	397	5%	527	5%	32.8%
Engineering	219	5%	112	2%	146	2%	159	2%	226	2%	42.1%
Marine	166	4%	195	4%	167	2%	277	3%	206	2%	-25.6%
Accident & Other Liability	170	4%	92	2%	98	1%	58	1%	93	1%	59.9%
Energy	6	0%	26	1%	570	8%	139	2%	82	1%	-40.6%
Aviation	63	2%	12	0%	18	0%	26	0%	31	0%	17.9%
Total	4,061	100%	5,224	100%	7,255	100%	8,514	100%	11,485	100%	34.9%

Source: Saudi Insurance Market Survey Report 2011G by SAMA- Insurance Supervision Department

3.5.7 Competition

The insurance sector in the Kingdom is characterized by tough competition. Thirty-three insurance companies are currently licensed and listed on the Exchange, as of the date of this Prospectus and two additional insurance companies have obtained approval from the Council of Ministers for licensing. The competition is expected to intensify between the companies seeking to maintain and increase their market share and have recently entered the market seeking to obtain and increase their market share by offering competitive prices and innovative insurance products.

The National Company for Cooperative Insurance (Tawuniya) is considered to be the largest insurance company in terms of property rights amounting to SAR 2,050,000,000 (two billion, fifty million Saudi Riyals) in 2011G. Generally, property rights of insurance companies increased in 2011G to SAR 9,200,000,000 (nine billion, two hundred million Saudi Riyals) compared to SAR 9,100,000,000 (nine billion, one hundred million Saudi Riyals) in 2010G and there are 24 (twenty-four) companies with more than SAR 100,000,000 (one hundred million) property rights.²²

In June 2012G, Tawuniya declared that it will be the first insurance company in the Kingdom to provide travel insurance to its clients through the internet. The demand on such product is increasing, as many countries, especially the European Union requires an insurance policy to approve an entrance visa.²³

The following table shows the insurance companies that are licensed and listed on the Saudi Stock Exchange "Tadawul" (as at 17/02/2013G):

Company Name	Paid-up Capital (SAR)
The National Company for Cooperative Insurance (Tawuniya)	750,000,000 (seven hundred and fifty million)
Malath Cooperative Insurance & Reinsurance Company	300,000,000 (three hundred million)
The Mediterranean & Gulf Cooperative Insurance & Reinsurance (MedGulf)	800,000,000 (eight hundred million)
Allianz Saudi Fransi Cooperative Insurance Co.	200,000,000 (two hundred million)
Saudi IAIC for Cooperative Insurance (SALAMA)	100,000,000 (one hundred million)
Saudi United Cooperative Insurance (Wala'a)	200,000,000 (two hundred million)
Arabian Shield Cooperative Insurance	200,000,000 (two hundred million)
SABB Takaful	340,000,000 (three hundred forty million)
Sanad for Cooperative Insurance and Reinsurance	200,000,000 (two hundred million)
Saudi Arabian Cooperative Insurance Company (SAICO)	100,000,000 (one hundred million)
Saudi Indian Company for Cooperative Insurance	100,000,000 (one hundred million)
Gulf Union Cooperative Insurance Company	220,000,000 (two hundred twenty million)
Al Ahli Takaful	167,000,000 (one hundred sixty-seven million)
Al-Ahlia for Cooperative Insurance	100,000,000 (one hundred million)
Allied Cooperative Insurance Group (ACIG)	200,000,000 (two hundred million)
Arabia Insurance Cooperative Company	200,000,000 (two hundred million)

²² SAMA – Saudi Insurance Market Department, Saudi insurance market report 2011G: Article (4) of the Insurance Law provides that the capital of an insurance company must not be less than SAR (100) million and that the capital of a reinsurance company or an insurance company that also undertakes reinsurance activities must not be less than SAR 200 million.

²³ Business Monitor's report for Q4 of 2012G.

Company Name	Paid-up Capital (SAR)
Trade Union Cooperative Insurance Company	250,000,000 (two hundred fifty million)
Al Sagr Company for Cooperative Insurance	200,000,000 (two hundred million)
United Cooperative Assurance (UCA)	200,000,000 (two hundred million)
Saudi Cooperative Reinsurance Company (IAADA)	1,000,000,000 (one billion)
BUPA Arabia for Cooperative Insurance	400,000,000 (four hundred million)
Wiqaya Takaful Insurance & Reinsurance Company	200,000,000 (two hundred million)
Al Rajhi Company for Cooperative Insurance	200,000,000 (two hundred million)
ACE Arabia Cooperative Insurance Company	100,000,000 (one hundred million)
AXA Cooperative Insurance Company	200,000,000 (two hundred million)
Gulf General Cooperative Insurance Company	200,000,000 (two hundred million)
Buruj cooperative Insurance Company	130,000,000 (one hundred thirty million)
Al Alamiya for Cooperative Insurance	200,000,000 (two hundred million)
Solidarity Saudi Takaful Company	555,000,000 (five hundred fifty-five million)
Wataniya Cooperative Insurance Company	100,000,000 (one hundred million)
Amana for Cooperative Insurance (Amana)	320,000,000 (three hundred twenty million)
Saudi Enaya Cooperative Insurance Company	400,000,000 (four hundred million)
Tokyo Marine Saudi Arabia	200,000,000 (two hundred million)
Insurance companies which establishment has been approved by the Council of Ministers	American International Group and Arab National Bank Cooperative Insurance Company Al Jazira Takaful Taawuni

Source: CMA company (Tadawul)

4. THE COMPANY

4.1 Introduction

The Company is a Saudi joint stock company under formation. Its incorporation has been approved by virtue of Ministerial Resolution No. 119, issued on 13/04/1431H, (corresponding to 29/03/2010G), Royal Decree No. M/22, issued on 15/04/1431H, (corresponding to 31/03/2010G) and its Articles of Incorporation notarised by the Notary Public in Riyadh on 14/01/1434H (corresponding to 28/11/2012G). The Company's head office is located in the city of Riyadh, the Kingdom. The Founding Shareholders shall propose to all Shareholders during the Constituent General Assembly to change the name of the Company to "MetLife American International Group and Arab National Bank for Cooperative Insurance" and the Shareholders shall cast their votes in relation to this proposal.

Upon incorporation, the share capital of the Company shall be SAR 175,000,000 (one hundred seventy five million Saudi Riyals), divided into 17,500,000 (seventeen million, five hundred thousand) authorized Shares. The Founding Shareholders have subscribed to a total of 12,250,000 (twelve million, two hundred fifty thousand) Shares representing 70% of the Company's capital, the value of which has been deposited in the Company's account with Arab National Bank, whereby 5,250,000 (five million, two hundred fifty thousand) Shares shall be offered to the public at SAR 10 (ten Saudi Riyals) per share.

The Company intends to provide cooperative insurance services and all related activities, including reinsurance, agencies, representation, correspondence or brokerage according to cooperative insurance principal and pursuant to the Insurance Law and its Implementing Regulations, under the supervision of SAMA, the regulatory authority for the insurance sector.

Following the completion of the Offering and the convention of the Constituent General Assembly, an application shall be submitted to the Minister of Commerce and Industry requesting him to declare the incorporation of the Company. The Company shall be considered duly incorporated as a joint stock company from the date of issuance of the Ministerial Resolution.

4.2 Future Vision

The Company aims to become one of the leading companies in the provision of cooperative insurance in the Kingdom by providing products that meet the customers' needs as well as extending premium services to them.

4.3 Company's Mission

The Company seeks to provide high-quality insurance products and services according to the latest international standards and provide value to its customers throughout the Kingdom as well as to establish solid and long lasting relationships with them.

4.4 Company's Strategy

The Company will provide a range of insurance products and services in a manner consistent with the main requirements of the legislative and regulatory bodies in the Kingdom and in line with the needs of different segments of customers. The Company will offer a complete portfolio of general insurance products, health insurance products, protection, savings and personal injury insurance. To achieve the highest rates of efficiency and effectiveness, the Company will develop an expansion strategy, which will allow it to expand into major cities in the Kingdom and will also seek to obtain international accreditation by bodies specializing in the granting and issuance of classification certificates for insurance companies.

The Company will work with top class reinsurers who enjoy a long lasting international reputation in re-insurance. The Company will also pursue a prudent approach in the process of selecting and building its portfolio and in reinsurance arrangements in order to achieve sustainable profitability for the Company and to mitigate its level of risk.

The strategy that the Company will adopt will focus on the following principles:

- Understand and meet the needs of its customers and consistently strive to provide plans and services that meet their expectations.
- Continuously monitor the changes in the surrounding environment in order to identify the latest developments, trends, challenges and new opportunities in the market.

- Ensure the availability of the necessary expertise in its insurance and reinsurance operations, whereby the Company retains specialized competencies and expertise in the insurance business. The Company shall also seek to provide its employees and suppliers the opportunity to improve and develop their expertise and skills by providing continuous education opportunities in addition to appropriate and advanced development and training programs. It shall also create a unique environment to attract talent, by ensuring professionalism and positive competition among its employees and provide them with opportunities to progress and enhance their abilities and talent.
- Ensure the compliance of the Company's policies and procedures with professional standards in the insurance and reinsurance industry.
- Promote public awareness on the benefit of the insurance industry as a promising social and economic component in the Kingdom.
- Continuously develop products and services in line with customer needs and establish good relations with the producers sector and insurance and reinsurance companies.

The Company has also identified a development strategy and growth incentives as follows:

- **Innovative products:** Provide added value by offering specialized and flexible products.
- **Marketing channels:** Mainly based on bancassurance opportunities improving sales performance by improving its producers' competence, their deployment, incentives and commitment in addition to their means of support, as well as minimizing their administrative burden.
- **Quality of Service:** Constantly ensure the provision of high-quality and effective services.
- **Productivity:** Constantly seek to develop and enhance the productivity of managers and marketing specialists.

The Company's sales and marketing strategy is based on bancassurance opportunities which is provided on a large scale and exclusive basis in the bancassurance agreement between the Company and ANB and which aims at benefitting from ANB's network of branches to distribute the Company's products and to include protection, savings, health insurance, motor insurance, home and other programs to ANB's offers (see section 15.6.3 "Bancassurance Distribution Agreement"). This strategy will be designed to complement ANB's core products with minimal disruption to ANB's relationship with its customers or delay in the job of ANB's employees. The combination of motor and credit insurance with the sale for a car loans or mortgages is a good example of this strategy.

The strategy also involves lead generation campaigns through the network of branches, SMS and online channels. These campaigns would offer a cost effective way to build awareness and increase penetration of the Company's insurance products. The strategy also relies on direct methods such outbound telemarketing and over-the-counter sales.

For individuals' sales, ANB's agency team will be equipped with various tools that help optimize its sales success in a sustainable manner. Further, and for corporate sales, the ANB's agency, supported by the corporate sales teams of the Company, will reach out to ANB's corporate customers with comprehensive offers of general and employee benefits, including mainly medical, insurance offers.

Below is an example of the targets that the bancassurance model will seek to ultimately reach within and outside ANB's channels:

Line of Business	Channel	Percentage Contribution
Motor	Bank (ANB)	80%
	Brokers / Agents	20%
Homeowners	Bank	80%
	Brokers / Agents	20%
Travel	Travel Suppliers	50%
	Online travel companies	10%
	Bank	40%
Individual Protection & Savings	Bank	100%
Accident & Health	Bank	100%

Source: the Company

To achieve excellence in its operations, the Company will adopt integrated systems to attract and deal with the communications of clients, brokers and agents and advanced information technology systems specialized in insurance administration. The Company acknowledges that it has no intention to materially change the nature of its activity.

4.5 Investment Strategy

The Company will adopt a prudent, balanced and risk-averse strategy by focusing on investment in fixed income instruments, the basic foundation of which consists of bonds, sukuk and bank deposits while complying with the Implementing Regulations issued by SAMA with regards to the distribution of invested funds.

The Company plans to cooperate in the management of its investments with a selection of elite investment managers who enjoy a high degree of professionalism and are licensed by the CMA. The investment managers are provided with the Company's investment objectives in relation to the necessary liquidity ratios in accordance with the terms and conditions of the Insurance Law. The Company's investment objectives consist of finding balanced ratios of risk, liquidity and profitability. It continuously attempts to raise Shareholders' returns while maintaining, to the extent possible, an acceptable degree of investment risks.

Moreover, the Company will focus on increasing the profitability margins of invested funds and achieving good growth margins of the assets by adopting a group of investment channels constituting the portfolio, while avoiding risks associated with decreasing returns.

The Company shall maintain levels of liquidity that are commensurate with the objectives of its investment policy, operational requirements and settlement of claims when they become due. It shall also review its investment strategy, evaluate it on a regular basis and introduce the necessary adjustments to ensure its conformity with the changing requirements and objectives of the Company in addition to developments in the investment market and regulatory environment.

4.6 Shareholding Structure

The share capital of the Company shall be set at SAR 175,000,000 (one hundred seventy five million Saudi Riyals) consisting of 17,500,000 (seventeen million, five hundred thousand) Shares. The Founding Shareholders have subscribed to 12,250,000 (twelve million, two hundred fifty thousand) Shares representing 70% of the share capital of the Company and the value thereof was deposited in the Company's account with Arab National Bank. The remaining 5,250,000 (five million, two hundred fifty thousand) Shares shall be offered to the public at SAR 10 (ten Saudi Riyals) per Share.

Below is a table reflecting the current Founding Shareholders' ownership in the Company:

Shareholders	Nationality	No. of Shares	Value (SAR)	Direct Shareholding Percentage	Indirect Shareholding Ownership Percentage	Total Shareholding
American Life Insurance Company	USA	5,250,000	52,500,000	30.00%	-	30.00%
Chartis Memsah Holdings	USA	1,750,000	17,500,000	10.00%	-	10.00%
Arab National Bank	Saudi	5,240,000	52,400,000	29.94%*	-	29.94%
Abdullatif Bin Hamad Mohamed Al-Jabr	Saudi	5,000	50,000	0.03%	0.584%**	0.614%
Salah Rashed Abdulrahman Al-Rashed	Saudi	5,000	50,000	0.03%	0.578%**	0.608%
Total Shares Subscribed by the Founding Shareholders		12,250,000	122,500,000	70.00%		
Total Shares to be Subscribed by the Public		5,250,000	52,500,000	30.00%		
Total		17,500,000	175,000,000	100.00%		

Source: Company

* It is worth mentioning that pursuant to the Shareholders Agreement (detailed in Section 15.6 "Material Contracts"), the Founding Shareholders agreed that. Abdullatif Bin Hamad Mohamed Al-Jabr and Salah Rashed Abdulrahman Al-Rashed will each subscribe to 5,000 Shares (amounting to ten thousand Shares) on behalf of Arab National Bank, given the minimum number of shareholders required to establish a joint stock company in accordance with the Companies Regulations. Arab National Bank will be the beneficial owner of the Shares registered in their names and undertakes to re-acquire those Shares as soon as practicable after completion of the IPO, expiration of the Statutory Lock-in Period and after obtaining the prior written approval of SAMA and the CMA.

** Indirect ownership through ANB.

4.7 Substantial Shareholders

There are three substantial Shareholders in the Company, each of whom own more than 5% of the share capital of the Company. This includes:

Shareholders	Percentage
1 American Life Insurance Company	30.0% of the share capital of the Company after incorporation of the Company
2 Arab National Bank	29.94% of the share capital of the Company after incorporation of the Company
3 Chartis Memsa Holdings	10.0% of the share capital of the Company after incorporation of the Company

4.8 Overview of the Founding Shareholders

4.8.1 American Life Insurance Company (ALICO)

American Life Insurance Company (referred to in this Prospectus as "ALICO"), is a global leader in protection and savings insurance incorporated in 1921G in Delaware, the United States of America under License No. 0123730. Its capital amounts to US\$ 3 million the equivalent of approximately SAR 11,25 million. ALICO is wholly owned by MetLife (defined below), after its acquisition from American International Group, Inc. (referred to herein as "AIG") on 01/11/2010G.

ALICO serves its corporate and retail clients by providing protection and savings insurance, personal accident and health insurance, retirement planning and wealth management solutions products and services through an extensive network of agents, brokers, financial institutions and other distribution channels. ALICO has been active in the insurance market in the Kingdom for more than 55 years.

ALICO's head office is located in Wilmington, Delaware in the United States of America with regional headquarters in several countries and its branches, subsidiaries and affiliates are spread over 35 (thirty five) countries around the world in emerging markets, developing and developed countries in Europe, Asia, the Middle East, Africa and Latin America.

The following table shows ALICO's ownership structure:

Ownership Percentage	Shareholders
MetLife	100.0%

Source: ALICO – dated 20/12/2012G

4.8.1.1 MetLife

MetLife was established in 1868G and is a global leader in protection and savings insurance and group insurance plans. It provides its services to 90 million customers in more than 47 countries. On 01/11/2010G, it acquired ALICO from AIG for an amount of US\$ 16,2 billion the equivalent of approximately SAR 60,75 billion.

Through its subsidiaries and affiliates, MetLife holds leading positions in the markets of the United States, Japan, Latin America, Asia, the Pacific, Europe and the Middle East.

MetLife is the largest life insurer in the United States, Mexico, Chile, and Argentina, and held leading market positions in over 20 markets²⁴. In 2012, it ranked 34th on the "2012 Fortune 500" list²⁵, its clients included 90 of the top 100 companies on this list, it carried SAR 16,125 billion (\$4.3 billion) of life insurance in force, its assets reached SAR 3,138.8 billion (\$836.8 billion), and its employees worldwide numbered approximately 64,000.

In the Middle East, Africa and South Asia, MetLife provides individual and corporate clients with protection and savings insurance, personal accident and health insurance, retirement planning as well as wealth management solutions.

MetLife is listed on the New York Stock Exchange - the United States.

²⁴ Axco Insurance Information Services, March 7, 2013

²⁵ Fortune Magazine Issue of 21 May 2012

The following table shows the main shareholders and their ownership percentages in MetLife:

Shareholders	Ownership Percentage
State Street Global Advisors (US)	3.99%
Vanguard Group, Inc.	3.67%
Fidelity Management & Research Company	3.46%
BlackRock Institutional Trust Company, N.A.	3.09%
MFS Investment Management	2.19%

Source: MetLife – dated 20/12/2012G

4.8.2 Chartis Memsas Holdings, Inc. (CHARTIS)

Chartis Memsas Holdings, Inc. (hereinafter referred to as “CHARTIS”) is a wholly owned subsidiary of AIG Property Casualty International, LLC, founded in 1999G in Delaware, the United States of America under License No. 3111943, with a total number of ordinary and authorized shares of 1,000 (one thousand) ordinary shares of US\$ 1.0 (one US Dollar) each. CHARTIS is a leading company in the field of property, energy, engineering, general accidents insurance and general insurance and covers the Middle East and South Asia.

The following table shows the ownership structure of CHARTIS:

Shareholders	Ownership Percentage
AIG Property Casualty International, LLC	100.0%

4.8.2.1 AIG Property Casualty International, LLC

AIG Property Casualty International, LLC is a wholly owned subsidiary of AIG Property Casualty International Inc., which is wholly owned by AIUH LLC, again a wholly owned subsidiary of AIG.

Chartis was, until recently, the trade name for marketing in AIG operations for property insurance, energy, engineering, general accidents and general insurance throughout the world. In November 2012, these operations reverted to the AIG brand name. It is anticipated that Chartis will amend its name in due course.

AIG's worldwide property casualty insurance was founded more than 90 years ago, with 45 thousand employees serving more than 70 million customers around the world and includes wholly-owned operations in more than 80 countries in addition to collaborative relationships with partners to help them serve customers in approximately another 120 countries and regions.

4.8.2.2 American International Group, Inc. (AIG)

American International Group, Inc. (“AIG”) is a leading global insurance company. Founded in 1919G, today AIG provides a wide range of property casualty insurance, life insurance, retirement products, mortgage insurance and other financial services to customers in more than 130 countries. AIG's diverse offerings include products and services that help businesses and individuals protect their assets, manage risks and provide for retirement security.

AIG, incorporated in the State of Delaware, U.S.A., is listed on the New York Stock Exchange and the Tokyo Stock Exchange. It serves general insurance businesses throughout Asia, Latin America, Europe, the Middle East and North America.

During the financial crisis since September 2008G, the government of the United States of America committed a total of US\$ 182,3 billion the equivalent of approximately SAR 683,625 billion in connection with stabilizing AIG. Since then, the American government recovered all these amounts plus a combined positive return of US\$ 22,7 billion the equivalent of approximately SAR 85,125 billion through asset sales and other actions by AIG, the US Federal Reserve and the US Treasury.

Beginning in May 2011G, the US Treasury successfully sold approximately 1,700,000,000 (one billion seven hundred million) shares of AIG common stock in six public offerings for total proceeds of approximately US\$ 51,000,000,000 (fifty-one billion US Dollars) the equivalent of approximately SAR 191,250,000,000 (one hundred ninety-one billion, two hundred fifty million), including approximately US\$ 13,000,000,000 (thirteen billion US Dollars) the equivalent of approximately SAR 48,750,000,000 (forty-eight billion, seven hundred fifty million Saudi Riyals) purchased by AIG.

In 2012G, net income attributable to AIG was approximately US\$ 3,400,000,000 (three billion four hundred million US Dollars) the equivalent of approximately SAR 12,750,000,000 (twelve billion seven hundred fifty million Saudi Riyals) compared to approximately US\$ 20,600,000,000 (twenty billion six hundred million US Dollars) the equivalent of approximately SAR 77,250,000,000 (seventy-seven billion two hundred fifty million Saudi Riyals) in 2011G.

AIG has been active in the Kingdom's general insurance market for over 30 (thirty) years through marketing of auto, personal accident and travel insurance products and underwriting of construction, energy and property risks.

4.8.3 Arab National Bank (ANB)

Arab National Bank was incorporated as a Saudi joint stock company pursuant to Royal Decree No. M/38 dated 18/07/1399H (corresponding to 13/06/1979G). On 31/12/2012G, the total assets of ANB amounted to SAR 136.6 billion and shareholders' equity amounted to SAR 17.8 billion with a net income of SAR 2.371 billion achieved in 2012G.

ANB offers a full range of commercial and Islamic products to retail and corporate sectors, including foreign exchange, treasury and investment services, whilst its subsidiary (Arab National Investment Company) provides financial advisory, investment, wealth management, mutual funds, brokerage, local and international trading of securities and foreign currencies.

The head office of ANB is located in the city of Riyadh, with two regional headquarters in Jeddah and Al Khobar. ANB also has a network of branches consisting of 182 branches, including women's sections, in addition to 85 instant transfer centres, 9 sale and retirement centres and one branch in London, the United Kingdom. ANB also has a network of 937 automated teller machines "ATM".

ANB has a number of strategic investments, including:

- Arabian Heavy Equipment Leasing (AHEL) specializes in lease-financing for heavy equipment. The Bank's shareholding in AHEL is 62.5%.
- Saudi Home Loans (SHL), a 40%-owned affiliate, which caters for the growing needs of home finance.

The following table shows the ownership percentages of major shareholders (owning more than 5%) in ANB²⁶:

Shareholders	Ownership Percentage
Arab Bank PLC- Jordan	40.0%
General Organization for Social Insurance- The Kingdom	10.8%
Rashed Abdulrahman Al-Rashed and Sons Company - The Kingdom	9.9%
Abdulaziz, Mohamed & Abdullatif AlJabr Company (AlJabr Trading Company) - The Kingdom	5.6%
Total	66.3%

Source: Tadawul website – 10/12/2012G

4.8.3.1 Arab Bank (PLC)

Since its incorporation in 1930G, the Arab Bank has become one of the largest financial institutions in the Middle East. Arab Bank is considered to be the largest Arabian banking network in the world and consists of 600 branches spread across 30 (thirty) countries in 5 (five) continents. Arab Bank is the leading private institution in the Arab world.

Arab Bank enjoys a leading and effective role in the social and economic development sectors in the Middle East and North Africa by providing banking services and products in accordance with the highest standards and levels, which includes individual banking services, corporate and investment banking, in addition to wealth management and treasury.²⁷

²⁶ Source: Tadawul- Date 10/12/2012G.

²⁷ Source: www.arabbank.jo.

The following table the ownership percentage of major shareholders (owning more than 5%) in The Arab Bank:

Shareholders	American International Group and Arab National Bank
Social Security Corporation- Jordan	15.5%
Saudi Oger Limited Company- The Kingdom	9.68%
Oger Middle East Holding Company- Lebanon	7.11%
Total	32.11%

Source: Securities Depository Centre- Jordan – dated 10 December 2012G.

The following table the ownership percentage of major shareholders in Saudi Oger Limited Company- The Kingdom:

Shareholders	Ownership Percentage
Saadeddine Rafiq Al Hariri	75.3865%
Ayman Rafiq Al Hariri	15.000%
Nazik Asaad Oudah	9.6135%

Source: Saudi Oger Limited Company in 15/12/2012G

The following table shows the ownership percentage of major shareholders in Oger Middle East Holding Company- Lebanon:

Shareholders	Ownership Percentage
Saudi Oger Limited Company	100.0%

Source: Oger Middle East Holding Company in 15/12/2012G

4.8.3.2 General Organization for Social Insurance

The General Organization for Social Insurance ("GOSI") was established to implement the provisions of the Social Insurance Law in the Kingdom and pursue its application and achieve the compulsory insurance coverage, collect subscriptions from employers and pay due compensations to eligible or their family members.

GOSI is a public governmental body in the Kingdom that enjoys administrative and financial independence. It is supervised by a board of directors that is comprised of eleven members, including: the Minister of Labor, as chairman; SAMA governor, as vice-chairman; three members representing the Ministries of Labor, Finance and Health; three members from the subscribers, highly qualified in their fields and three members from the employers. GOSI exercises its activities through its head office and 21 (twenty-one) field offices located in a number of regions in the Kingdom.

The Social Insurance Law is an aspect of social cooperation and solidarity provided by the society for its citizen, which covers workers in the private sector and a group of workers in the public sector. It also provides them and their families with a decent life after retirement, disability or death; in addition to medical care for subscribers suffering from work injuries or diseases; and adequate compensation in the event of disability or death.

4.8.3.3 Rashed Abdulrahman Al-Rashed and Sons Company

Rashed Abdulrahman Al-Rashed and Sons Company is a dynamic trading and industrial conglomerate in the Kingdom. For more than six decades, the Rashed Abdulrahman Al-Rashed and Sons Company played an instrumental role in the development of the Kingdom's infrastructure. Rashed Abdulrahman Al-Rashed and Sons Company operates in five business sectors, namely trading, manufacturing, construction, services and consumer food products. Large scale investments are also made in real estate development.

The following table shows the major shareholders' ownership percentage (owning more than 5%) in Rashed Abdulrahman Al-Rashed and Sons Company:

Shareholders	Ownership Percentage	Direct Ownership Percentage in the Company	Indirect Ownership Percentage in the Company*	Total Direct & Indirect Ownership in the Company
Abdulaziz Rashed Abdulrahman Al-Rashed	19.46%	-	-	
Salah Rashed Abdulrahman Al-Rashed	19.46%	0.03%	0.578%	0.608%
Abdul Mohsin Rashed Abdulrahman Al-Rashed	19.46%	-		
Abdul Moneim Rashed Abdulrahman Al-Rashed	19.46%	-		
Abdul Rahman Rashed Abdulrahman Al-Rashed	19.46%	-		
Total	97.30%	0.03%	0.578%	0.608%

Source: Arab National Bank

* Indirect ownership through ANB.

4.8.3.4 Abdulaziz, Mohamed & Abdullatif Al-Jabr Company (Al-Jabr Trading Company)

Al-Jabr Trading Company was founded in 1952G and started its activities in trading and agriculture. Its head office is located in Al Ihsaa, Al-Jabr Trading Company's main line of business was trading in food products and building materials. In 1956G, it established a branch in the city of Al Khobar, as a result of growing its activities and its trade relations with countries such as the United States, Korea, China and Thailand. It diversified its activities to include commerce, banking, services, real estate and industrial services since it owns refreshments bottling factory in Al Ihsaa and a cardboard factory, in addition to a group of automated central laundries across the Kingdom. Al-Jabr Trading Company also invests into many agricultural, petrochemical, cement and financial companies and corporations in the Kingdom and abroad.

In 1998G, Al-Jabr Trading Company entered into an exclusive agency agreement with Haier for electrical appliances, which ranks first in China among household electrical appliances companies and ranks fourth in the world. In 2009G, Al-Jabr Trading Company entered into an exclusive agency agreement with the Korean company, Kia Motors for the distribution of Kia vehicles in all parts of the Kingdom.

The following table shows the major shareholders' ownership percentage (owning more than 5.0%) in Al-Jabr Trading Company:

Shareholders	Ownership Percentage	Direct Ownership Percentage in the Company	Indirect Ownership Percentage in the Company*	Total Direct & Indirect Ownership in the Company
Mohamed Hamad Mohamed Al-Jabr	34.78%	-	-	
Abdullatif Hamad Mohamed Al-Jabr	34.78%	0.03%	0.584%	0.614%
Khalid Abdulaziz Hamad Al-Jabr	5.53%	-		
Fahad Abdulaziz Hamad Al-Jabr	5.53%	-		
Abdul Mohsin Abdulaziz Hamad Al-Jabr	5.53%	-		
Adel Abdulaziz Hamad Al-Jabr	5.53%	-		
Total	91.68%	0.03%	0.584%	0.614%

Source: Arab National Bank

* Indirect ownership through ANB

4.9 Direct and Indirect Interest of Directors and Key Executives in the Company

None of the proposed Directors whose names are mentioned in page (vi) of this Prospectus has any direct or indirect material interest in the Company represented in their ownership of the Shares or shares in companies which hold Shares in the Company, nor does the key executives, Board Secretary or any of their Relatives have any direct or indirect material interest in the Company as of the date of the Prospectus.

4.10 Competitive Advantages

It is expected that the Company will rely on a number of strong attributes, which will consolidate its market position and achieve its strategic objectives in the Kingdom. These competitive advantages include:

Extensive experience based on the historical presence of the Founding Shareholders in the market for more than five decades

ALICO's business history in the insurance industry in the Kingdom dates back to more than five decades, while CHARTIS's history dates back to over four decades (each a Founding Shareholder) and the Company is expected to rebuild its network through its relations with the insurance industry and the customers related to those two companies globally within a reasonable period of time from the date of incorporation, thus gaining extensive experience and a broad business base in the general insurance market and the medical protection and savings market. ALICO and CHARTIS established a geographically wide distribution network and services in the main cities of the Kingdom especially in the Eastern, Middle and Western provinces, which can be revived promptly to contribute to the enhancement and development of the Company's business upon the start of its operations. The Company expects to rebuild this network through its relations with insurance brokers and the customer related to those global companies within a reasonable period of time after the start of its operation.

Highly experienced and qualified working team in the insurance sector on the market

A number of ALICO and CHARTIS employees currently located in the Kingdom are expected to join the Company, which will give the Company a competitive advantage and an early practical experience. It has been agreed with a number of main employees to join the Company once it is established (see details in section 7 "Organizational Structure").

Efficient and advanced management and information technology systems for the management of the Company

The Company is preparing a set of rules, systems and policies governing the work of all departments, which will enable it to control its operations in all its phases. These systems and procedures will be supported by advanced programs and technologies to ensure fluid and efficient operations of the Company. The Founding Shareholders have started drafting and preparing such policies and rules to be submitted to SAMA and the Board of Directors in its first General Assembly meeting by the end of January 2013G. The Company also entered into an agreement with a specialized service provider to host its IT systems, data retrieval center in case of disasters in addition to its website. The devices, network and software have been installed and made ready for the start of operations upon the licensing of the Company.

Production sources provided by the Founding Shareholders

The Founding Shareholders are comprised of a number of companies involved in various areas of business and individuals who enjoy distinguished relations and ties, thus providing a large base of potential customers to the Company to market its various insurance products. This matter applies specifically to ANB's wide customer portfolio formed of corporate and individual customers as well as the international customer of ALICO and CHARTIS working in the Kingdom and are expected to join the Company's Insurance Portfolio once incorporated.

Reinsurance agreements with first class reinsurers

The Company will enter into a series of reinsurance arrangements with first class reinsurers, in addition to setting up a department specialised in reinsurance operations and studies in accordance with the requirements of the Kingdom's regulations.

Effective claims' department

The Company will adopt and set up service networks and systems that govern the operations of the claims' department, which, in turn, shall help the Company to meet all its obligations towards the customers promptly and efficiently.

Distinguished Customer Service

The Company will establish its sales channels to reach different segments of customers. The Company will continuously seek to examine the needs of its customers and provide products that protect their interests through on-going communication with them and determination of their changing needs. Afterwards, it will create products and systems that meet their needs.

Conservative reserves to address potential risks

The Company will always seek to ensure that its technical and legal reserves have been calculated accurately and reservedly in accordance with the Insurance Law and its Implementing Regulations and in compliance with the global actuarial standards. The adequacy and accuracy of such reserves shall be ratified by an independent professional actuary whose appointment is required by SAMA. This will contribute to successfully address potential risks.

A wide range of insurance services and products and a broad range of customer segments

In addition to providing products covering usual risks, the Company will provide products designed specifically to meet the specialised and sustainable needs of customers, which will in return strengthen the position of the Company earning it a broader customer base.

Integrated systems for information management and effective technical support

The Company will adopt and set up an advanced information technology system designed to contribute effectively to meet the basic needs of the operational procedures, customer service, distribution channels and issuance of financial statements, as well as to support the legal and administrative affairs of the Company. These programs and systems will help control the future planning operations, monitor and measure performance and results and support the plans marketed for the different tranches of customers.

As a result of the application of integrated IT system, the Company will have a large database that will be instrumental to designing and directing the Company's strategy and marketing plans.

These programs will be available in all of the Company's branches and selling points, which will contribute effectively to raising the efficiency and productivity of the branches and agencies and in achieving satisfactory service to customers.

Recruitment plan that seeks to consolidate work spirit and corporate culture

The Company have appointed a team of professionals who are trained to realise its objectives and provide high level services to customers as it also has a Saudization plan which aims to comply with the requirements of the relevant laws and regulations and to reach a Saudization percentage of 50% in the fifth year of the Company's operations. The Company will focus on establishing a corporate culture based on integrity, respect and transparency and will commit to developing the potentials of its Saudi associates by engaging them in building the basis of a modern insurance industry and creating its future in the Kingdom. The Company will focus on the development of customer service as a key competitive advantage in its environment.

5. PRODUCTS & SERVICES

The objective of the Company is to engage in cooperative insurance activities in addition to all related activities such as reinsurance, agencies, representations, correspondence or brokerage, in accordance with the provisions of the Insurance Law, its Implementing Regulations and the rules and regulations in force in the Kingdom. The Company assures that it does not intend to make any material changes in its nature of business.

In preparation of the launch of the marketing activities upon the issuance of the Company's final license, the Founding Shareholders are developing various programs, which the Company will market during its early years and submit to SAMA for approval, while preparing its supporting marketing systems and plans.

The Company aims to meet the sustainable and economically feasible needs of the market, including the needs of Arab National Bank for banking insurance, whereby the Company shall re-evaluate those needs periodically. These needs may include the launching of Takaful products to the public or to the clients of ANB. All products and financial returns forecasts that the Company has made are based on cooperative insurance products in general rather than on Takaful products in particular. The Company may decide, based on its study of the market conditions, to offer certain Takaful products, however this may require amendments in the Company's business plan and its revenues forecast.

5.1 General Insurance

5.1.1 General Insurance - Individuals

This division consists of the insurance of:

- **Home:** Assets, furniture, responsibilities towards landlord and neighbours, loss of rent either against all risks or special risks as agreed upon and mentioned in the insurance policy.
- **Personal vehicle:** It either covers the compulsory insurance against others risks, which covers the material and physical damages for third parties only or a full insurance which covers the material and physical damages resulting from traffic accidents for each of the insured vehicle. It also covers damages caused from third parties, including the risks of theft, natural disasters such as storms, floods and rain.
- **Travel:** Covers medical expenses due to sudden illnesses or accidental injuries while travelling. It also covers damage to the baggage or loss of valuable documents, loss of personal money, passport and flight cancellation. It also includes personal accidents, emergency medical transportation and repatriation expenses in case of death. These plans shall be available for individuals and institutions.
- **Additional insurance:** insurance coverage granted either individually or as a complete coverage against purchase protection risks, protection against loss of keys, robbery at ATM, loss of wallets, loss of personal effects and extended warranty on e-purchases.

5.1.2 Personal Accidents Insurance

This division specializes in offering the protection of individuals and families against personal accidents and provides income benefits when hospitalized. It also covers chronic diseases, compensates medical and surgery expenses due to accidents and compensates the loss of income due to an accident. These plans shall be available for individuals and institutions.

5.1.3 Property Insurance for Companies

Property insurance includes the following:

- **Insurance against fire and additional risks:** covers losses resulting from fire, burglary, explosion, earthquakes, lightning, storms, floods, rain and any other relevant insurance detailed in the Insurance Policy.
- **Insurance against all risks:** covers losses resulting from all risks, save for exceptions detailed in the Insurance Policy.
- **Loss of profit insurance:** This insurance is complementary to property insurance, covering additional costs incurred between the date of the accident and the date of payment of the claim for any accident covered in the property insurance contract.
- **Hotels Insurance:** covers all risks that might occur in and to hotels including complete building and assets insurance, insurance of machinery, insurance against loss of profit, breach of trust insurance, loss of deposited cash and movables, employer's liability towards staff, public and private liability towards third parties, liability for damages sustained by guests' vehicles and liability for provision of services.
- **Terrorism risks insurance:** covers material damages only which may arise from a terrorist act.

5.1.4 Engineering & Energy Insurance for contractors and energy Sector

This insurance provides coverage against contractors, construction and installation risks in the energy sector and includes the insurance of services related to the field of petrochemicals, machinery breakdown, construction and installation risks. The Company will also offer insurance against acts of sabotage and terrorism to energy facilities or its operations.

5.1.5 Crisis Management Insurance - Companies

Crisis management insurance includes coverage against certain risks, such as kidnapping and ransoms, retrieval of products due to manufacturing defects, complete cover against material damages resulting from sabotage and terrorism.

5.1.6 Environmental Liability Insurance – Factories

Environmental liability insurance includes insurance of legal liability towards third parties for damages to the environment caused by accident of pollution that is included in the coverage, resulting from the insured activity, including material and physical damages and expenses of lawsuits filed against the insured.

5.1.7 Professional Liability Insurance for Financial Institutions

This type of insurance covers professional mistakes made in the financial services sector and banking sector, such as liability insurance against theft of information, electronic forgery and credit cards forgery. It provides insurance against the risks of breach of trust, loss of cash and/or embezzlement, executive manager and directors' liability towards shareholders and others, IPO risks insurance, insurance against risks of representations and warranties made by the Management in the Prospectus.

5.1.8 Insurance against General Accidents and other Liabilities for Companies

Insurance against accidents and other liabilities includes:

- Insurance against general accidents and other civil liabilities such as public liability insurance of companies and establishments, service provision liability insurance, workers' injuries insurance, employer's liability insurance towards employees as well as other additional specialized insurance.
- Vehicle fleets insurance for companies: full insurance and coverage against third party risks.
- Airlines travel insurance: this insurance is held by each airline whereby it provides the traveler with the freedom to choose the travel insurance coverage upon reserving flights if he/she desires.

5.1.9 Marine Insurance

Marine insurance is specialized in offering insurance for transiting cargo around the world through air, sea and land, depending on the request of the clients, from importers, suppliers, manufacturers, logistic services providers among others. This insurance covers any loss or damage of cargo, in which property is in transit from a port/country to another and between one geographical region to another. In some cases, cargo crosses several geographical boundaries by the use of several transportation means such as air, sea and land. Although Marine insurance suggest transportation by sea, in insurance terminology it covers all three means of transportation separately or combined.

5.2 Protection and Savings Insurance

5.2.1 Protection and Savings Insurance for Individuals

Protection and savings insurance includes regular protection and savings insurance plans for individuals, in addition to plans related to investment units that are associated with investment funds marketed by banks and financial institutions. These plans cover various degrees of risks and are helpful to customers in financing their financial plans such as marriage, children's education schemes, retirement and other personal, family and investment security plans.

5.2.2 Credit Insurance

This type of insurance provides coverage of indebtedness in the event of death or default of the debtor. This coverage carries out an important role in the easement of banking insurance. It forms an important part of assurances that the bank needs to facilitate personal, real estate loans and others, especially in the Kingdom's fast growing environment.

5.3 Health Insurance

5.3.1 Health Insurance for Institutions

This insurance offers coverage for corporate employees and their families in case of loss caused by accident or illness. Health Insurance is significant in the Kingdom and the Company (through the Founding Shareholders) has extensive experience in marketing and providing health insurance in the Kingdom. Therefore, the Company predicts its growth on a large scale through brokers and direct sales representatives.

6. MAIN DEPARTMENTS

6.1 Protection, Savings and Health Insurance

The protection, savings and health insurance department of the Company shall be supervised by the deputy general manager of that division. It will be in charge of developing all protection, savings and health insurance and personal accidents insurance products, as well as collecting and evaluating essential information on customers and markets according to the type of insurance. It will also be responsible for setting up plans and distribution channels to attract customers and assess their eligibility for insurance coverage, as well as collecting and processing insurance policies data and information, coordinating with specialists to help in risk assessment, preparing and issuing insurance policies to customers, preparing, implementing and controlling protection, savings and health insurance operations, in addition to enforcing and monitoring reinsurance agreements, developing protection, savings and health insurance policies and procedures, responding to customers' inquiries with regards to related issues and concerns. Additionally, it will be developing new insurance products that suit customers' needs, servicing and maintaining their long-term plans in relatively new types of insurance products in the Kingdom.

6.2 General Insurance

The general insurance department will be supervised by the deputy general manager of that division. It will be responsible for providing all general insurance products, collecting and evaluating essential information on customers and markets according to the type of insurance. It will also be responsible for assessing the eligibility of customers to obtain insurance coverage, collecting and processing insurance policies data and information, coordinating with specialists in risk assessment, processing and issuing insurance policies to customers, preparing, implementing and supervising miscellaneous general insurance products. Additionally to enforcing and monitoring reinsurance agreements, developing and amending miscellaneous general insurance policies and procedures with regards to the related departments' customers, addressing customers' inquiries, developing new and miscellaneous general insurance products that suit all customers' need, organizing, keeping and updating the miscellaneous general insurance files and coordinating with the claims department with regards to general insurance policies claims.

6.3 Sales & Marketing

This department implements the Company's sales and marketing strategy, which aims at placing the Company as a leader in the Saudi insurance market. The main tasks of the sales and marketing department includes laying down the marketing strategy, establishing marketing channels, developing the markets targeted by the strategy, maintaining effective communication with marketing channels and the Company's customers as well as expanding its customer base and maintaining their engagement with the Company. It also aims at promoting a positive image of the Company through professional marketing services and means, developing and designing advertisements and promotional activities to attract targeted customers through a careful analysis of their needs and requirements, in addition to promoting the name of the Company through media activities and public meetings and establishing a level of awareness and credibility and improving the image of the Company. It is also responsible for conducting an analysis about the market environment to identify and assess the strengths, weaknesses, opportunities and threats (such as quality, price, service and payment terms), improving and updating the customers database by the use of various means of marketing, such as mail, brochures, advertisements and applying standards that meet customers' expectations and ensure their satisfaction. To improve its efficiency, the sales and marketing department will be composed of several units specialized in general insurances, protection and savings insurance, medical insurance, banking and direct sale insurance and personal accidents insurance. These units operate by coordinating and sharing information in order to give the clients complete solutions and a unified experience covering most of their insurance needs.

6.4 Human Resources & Training

The human resources department specialises in drawing up employee-related policies, providing the Company with the relevant talented people and setting plans that ensure the preservations of such talents. The department plays a strategic role by creating a suitable working environment and building an appropriate organizational structure as well as defining requirements and priorities concerning the development of human resources and training. It also provides guidance through practical and environmental variations in order to maintain the balance between the Company's expectations and needs and its employees, assessing the department's contribution to improving the efficiency of the Company such as the assessment, design and implementation of activities that are related to the objectives the Company, monitoring the legislative environment to identify proposed changes in the Labour Law, determining the employees' requirements to meet the needs and objectives of the Company in coordination with other departments and sections, monitoring the implementation of the HR manual and ensuring the abidance by it from all departments. It is also responsible for communicating with employees to ensure their

understanding of the Company's rules, regulations and policies and compliance and internal audit requirements, as well as analysing, developing, implementing and maintaining compensation policies and wages structure in line with the strategic objectives of the Company. Moreover, evaluating the recruiting and selection process to ensure efficiency and introducing changes if necessary, helping establish working rules and monitoring applications to ensure equity among employees, ensuring the implementation of the Company's Saudization plan, providing programs to help employees in professional issues, determining objectives and planning for work.

6.5 Finance Department

The Finance Department shall be supervised by the chief financial officer (the "CFO") and includes the accounting and investment departments.

The main tasks of the CFO include the following:

- Establish and implement the Company's financial strategy and maintain the Company's long-term financial and investment safety.
- Draw up periodic reports to Management on the Company's financial position and progress achieved in various activities.
- Supervise the preparation of financial reports required by SAMA and the other competent Government authorities.
- Identify and implement operational procedures to improve work quality and efficiency and reduce costs.
- Monitor the preparation of future financial statements of the Company.
- Supervise the preparation of annual financial reports, operational plans and the budget of the Company.
- Prepare and audit internal financial reports and future financial projections.
- Compare actual results with expected results and recommend corrective actions when necessary.
- Supervise the investment of the Company's funds and management and work with banks and licensed investment establishments.
- Establish, implement and review internal control systems to ensure the implementation of the Company's accounting policies.
- Establish and apply the internal rules and procedures guaranteeing the Company's adherence to applicable official regulations and instructions, deal with governmental authorities with respect to financial matters to verify the Company's adherence to and to ensure its sound classification and protect the Company from any violations or penalties of any source.

6.5.1 Accounting

The main tasks of the accounting division will be to identify the policies and procedures for the preparation of the budget and provide detailed guidance as to the allocated budget. The accounting department will also provide the CFO with the Company's business plans, balance sheets and periodic reports on the productivity and efficiency of the Management activities. In addition, the accounting department will draw up and update the accounting and financial policies and their related procedures as well as prepare, maintain, manage and update the Company's financial records and submit the financial statements to Shareholders in addition to data and information required by SAMA and the other related governmental authorities on a regular basis. It also monitors and records all financial transactions and sales, ensures the proper implementation of audit procedures and reporting and provides advice on the processes, such as cash management and seeks to reduce costs and expenses.

6.5.2 Investment and Budget Division

The main function of the investment division includes establishing and applying the investment strategy in conformity with the objectives of the Company, investing in mutual funds approved by SAMA, defining the best investment opportunities, applying high standards for the selection of suitable investment opportunities with the lowest degree of risk and analysing investment opportunities. It is also aware of any changes, trends and investment risks associated with such opportunities and in turn develops an exit strategy which enables the Company to withdraw from any investment projects that turns out to be unprofitable.

6.6 Internal Audit

The Company shall establish an internal audit department, which is directly reporting to the Audit Committee that reports to the Board of Directors and will confer its management to a qualified specialist who will be in charge of guaranteeing the efficiency of internal control throughout all departments and divisions of the Company. The main duties of the internal audit department will be to set the standards and means of internal audit in accordance with

the rules and regulations of the Company, manage the auditing process and ensure the proper application of internal audit rules and procedures in the Company. It also ensures full compliance with the regulations and requirements of SAMA and concerned governmental authorities and ensures the sound implementation and compliance with financial procedures. It conducts periodic inspection of the Company's revenues, expenses, financial regulations, accounts and insurance Premiums to ensure that they are carried out in accordance with the terms and conditions of insurance policies and that all claims and benefits are paid immediately. The internal audit department will also prepare reports on the performance of all departments of the Company and the degree of their compliance with the rules and regulations and also reporting and discussing the results of the audit process with the Board of Directors.

6.7 Insurance Operations

This department consists of the following four divisions:

6.7.1 Information Technology

The main duties of the information technology division will be to lay down and apply the information technology strategy and develop the services and capabilities of the division to support the strategic objectives of the Company. Accordingly, the IT division will take part in preparing its business plan and required budget, implement the day-to-day operations and provide periodic reports on efficiency and overall performance as well as maintain relationships with its suppliers. Additionally, it coordinates with software providers, identifies the needs of the Company for various programs and reports required to comply with the regulations and instructions of the concerned governmental institution. Furthermore, it shall realize the needs of various departments in the Company to pursue the Company's plan results related to sales, services, information analysis, database management among other activities aiming to achieve maximum efficiency in supporting the Company's operations and utilisation of the information available to it. It will also ensure proper performance and operation of all technology, systems and services, maintain and update the Company's database and website periodically, develop policies, procedures and measures which guarantee the efficiency and soundness of its systems, information and procedures, assist the various departments of the Company in technical matters and maintenance of systems, establish and execute an efficient emergency system and information recovery in case of system failure.

6.7.2 Reinsurance Division

The reinsurance division will implement the Company's strategy pertaining to reinsurance, which includes contracting with reinsurance companies and monitor their performance under the reinsurance contracts to issue specialized reports to submit to the Management and to comply with the Insurance Law and its Implementing Regulations and reinsurance regulation promulgated by SAMA and other relevant laws. It will also renew contracts under better conditions and in the best interest of the Company.

6.7.3 Claims

The claims division will ensure proper application of the rules and procedures relating to the payment of claims according to the terms of the contracts entered into between the Company and its customers. It will also follow up and classify the case of customers' claims, ensure the receipt of the complete files relating to the payment of claims and the collection of any missing information or files, provide regular reports related to claims, develop and implement policies and procedures in relation to claims operations, conduct studies on claims and calculation of reserves, establish efficient settlement procedures for claims, prepare periodic reports about the efficiency of the division's activities to be submitted to Management and governmental authorities, coordinate with the Company's legal advisor with respect to the settlement of disputed claims, establish an efficient system for the registration and archiving of all claims all within the powers entrusted by the Company to each employee of the division, whereby the Company could ensure the integrity of its performance and commitment to serving all stakeholders.

6.7.4 Customer Service

The Company considers the customer service to be the main factor in its strategic ability. Therefore, the customer service team aims to provide services directly or through other specialized divisions, in order to provide the customer with positive experiences which strengthen its relationship with the Company. This experience will create a permanent and efficient competitive advantage.

6.8 Compliance and Risks Management

The Company will establish a compliance and risks department, which will prepare the rules, regulations and policies of compliance and risk management, monitor and assess risks in the Company and the market in terms of fluctuations, make recommendations and implement actions to reduce these risks as well as assess legal and operational risks in IT systems, business operations, internal controls, security systems and credit. It will ensure the implementation of necessary actions to reduce these risks, assess liquidity risks in terms of cash inflows and outflows, the available funds and the ability to market assets and deliver recommendations. Furthermore, it will ensure that it takes necessary actions to eliminate any risks, compare the useful life of assets and liabilities, evaluate the performance of all investments compared to their degree of risks, conduct a periodic analysis and assessment of the Company's investments, make recommendations that relates to the degree of risks that can be borne by the Company. Additionally, overlook the Company's compliance program, create, develop and review compliance rules to prevent violations or illegal or unethical conduct, adopt internal policies and procedures to comply with the rules and regulations issued by SAMA and the CMA and other concerned governmental authorities, including those designed to prevent money laundering. Moreover, ensure compliance with work procedures and educate the Company's employees periodically about the official rules and regulations.

The compliance and risks department will also coordinate with the other departments regarding compliance issues pertaining to each department. It will develop, review and update conduct and work standards to provide guidance to the Management and employees as well as present reports on a regular basis to the Board of Directors and the general manager on matters relating to compliance. It will coordinate with the human resources and training department to develop an effective training system for all employees on compliance and notify the financial control division of any suspicious transactions in addition to providing a copy to SAMA accordingly. It will also monitor the performance of the compliance program and take steps towards improving its efficiency and applying the best risk management practices in order to keep up with international developments in this area.

6.9 Legal Department

The legal department plays a key role in the life of the Company in terms of assuring the legality and safety of its operations and contractual relations internally and externally with the customers, its employees, Management, Shareholders and regulators. As a newly established company in the Kingdom's highly organized legal environment, the Company will rely primarily on the legal department to achieve a positive start contributing to its progress and success.

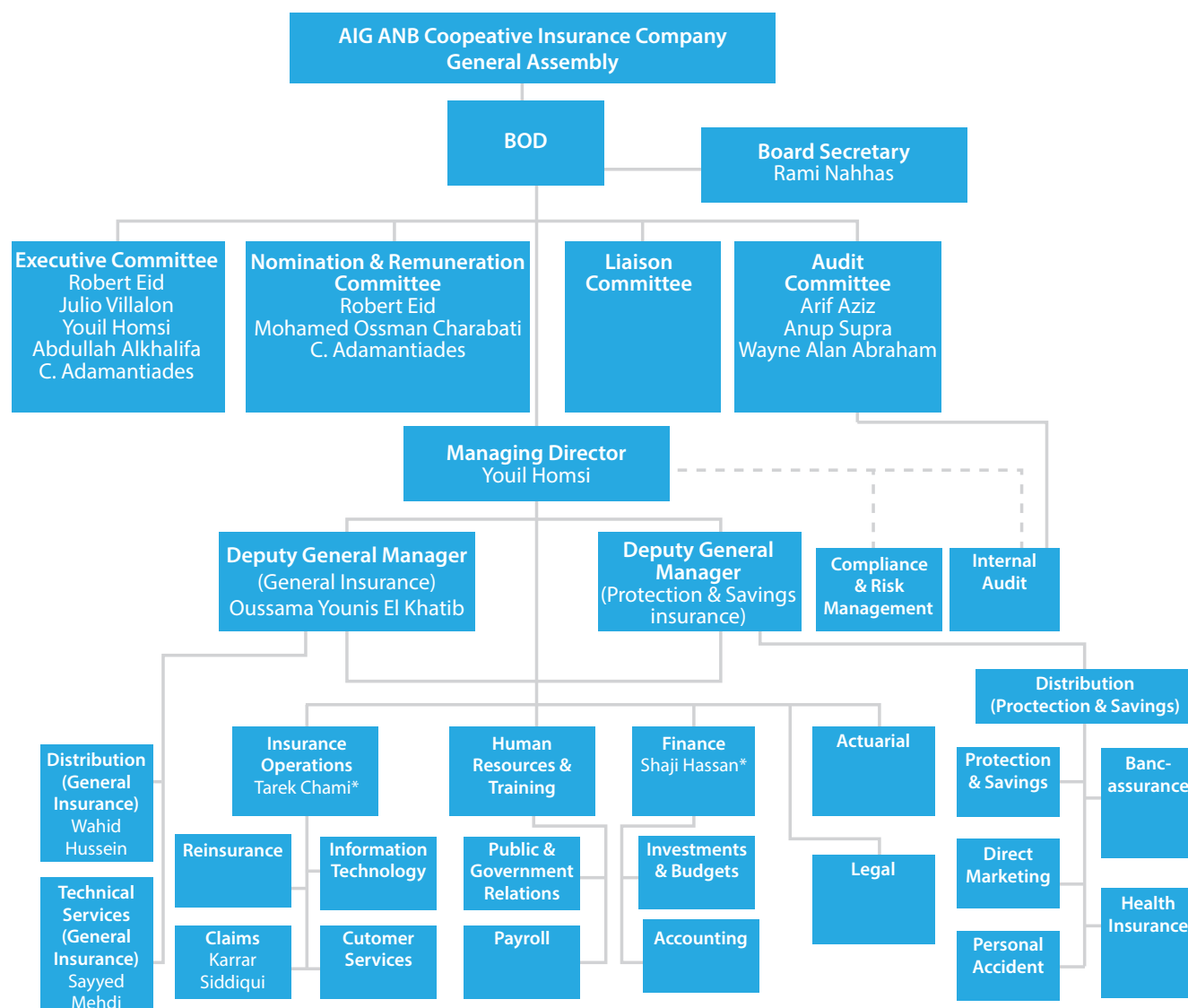
6.10 Actuarial Division

The actuarial division is specialized in developing the insurance plans marketed by the Company including the development of technical foundations such as the regulations of Premiums, conditions and benefits, retention rates, investments and other related items, in addition to the scope of risks the Company incurs in the present and the future. This division also provides technical and statistical studies related to the Company, the insurance sector and the wider environment in order to manage the risks affecting the Company and the efficiency of its operational plan, in addition to dealing and cooperating with the insurance industry regulators to develop and achieve its sustainability.

7. ORGANISATIONAL STRUCTURE OF THE COMPANY

7.1 Proposed Organizational Structure

The Company shall be managed by a Board of Directors and a team of executive officers. The following chart illustrates the Company's proposed organizational structure:



* Interim until appointment of a permanent replacement.

Source: the Company

7.2 Board of Directors

The Board of Directors ("Board" or "Board of Directors") shall have the powers vested to it by the General Assembly to manage all of the Company's matters. Within the limits of its competence, the Board of Directors may authorize and delegate one or more of its member(s) or a third party to assume a specific task or determine functions.

The Board of Directors is comprised of 11 (eleven) members appointed by the Ordinary General Assembly for a term not exceeding three years. The Board appoints the important sub-committees, including the Executive Committee, the Audit Committee and the Nomination & Remuneration Committee. The sub-committees appointed as such shall support the role of the Board in overlooking the Company's activities and extending the necessary guidance and advice to the Management. The committees shall submit their reports to the Board.

The key responsibility of the Board is to ensure the continuity of the Company's success in the long term. Their responsibilities include, inter alia:

- Nominate, compensate, supervise and – when necessary– replace the senior management and other executive managers in the Company, as well as planning for a substitution process in the Company.
- Review and direct the Company's strategy, risk management policies, financial planning, annual budget and action plans recommended by the Management.
- Set the objectives of the Company's general performance.
- Supervise the essential capital expenditures.
- Monitor and manage the potential conflict of interests among members of senior management, the Board and the Shareholders.
- Verify the internal financial and accounting procedures of the Company, including the support of independent auditing and review operations.
- Ensure the efficiency of the internal control systems, preparation of the financial statements, provide the support to the external audit entities, guarantee the application of appropriate internal control systems, specifically risk monitoring and automated control systems and implement the related laws.
- Monitor the efficiency and effectiveness of the Company's corporate governance practices.
- Supervise public disclosure and communications.

*The following table shows the names of the nominated Directors.

	Name	Position	Age	Nationality	Representing	Direct Shareholding	Indirect Shareholding	Independent	Executive
1	Ramzi Kanaan Abukhadra	Chairman	47	Saudi	Public	None	None	Yes	No
2	Lama Khalid Al Hajj Ibrahim	Director	40	Saudi	ALICO	None	None	No	No
3	Julio Garcia Villalon	Director	50	Spanish	ALICO	None	None	No	No
4	Youil Dib Homs	Managing Director	54	Lebanese	ALICO	None	None	No	Yes
5	Mohamed Ossman Charabati	Director	56	Syrian	ALICO	None	None	No	No
6	Robert Maroun Eid	Director	59	Lebanese	ANB	None	None	No	No
7	Abdullah Ali Al Khalifa	Director	50	Saudi	ANB	None	None	No	No
8	Christos Nicolas Adamantiadis	Director	43	Greek	CHARTIS	None	None	No	No
9	Suleiman Saud Al-Sayyari	Director	62	Saudi	Public	None	None	Yes	No
10	Abdul Mohsen Ibrahim Altouq	Director	39	Saudi	Public	None	None	Yes	No
11	Khalid Hamad Alyahya	Director	54	Saudi	Public	None	None	Yes	No

Source: the Company

*The names of the proposed Directors whose names appear above shall be elected during the Constituent General Assembly and the Chairman shall be appointed from amongst the eleven members elected during the Constituent General Assembly at the first meeting of the Board.

Resumes of Nominated Directors

Ramzi Kanaan Abukhadra – Chairman

Nationality: Saudi

Age: 47

Professional Experience: Ramzi Abukhadra assumes the position of senior partner in Gulf Merger since 2011G in Bahrain, Kuwait and the Kingdom, whereas he is responsible for business origination and execution with specific focus on the Kingdom. He also assumes various positions such as the vice chairman in Taib Bank in Bahrain since 2011G. He is also a board member in Taameer Real Estate company in Kuwait since 2011G and Manafe Al-Jazeera Company in Khobar since 2012G. He was managing director of JPMorgan Chase bank in Bahrain from 2003G to 2011G, manager of Rasmala

Investment in Dubai from 2001G to 2003G, managing partner in Hilal Financial Services in Dubai from 2000G to 2003G and director in Carlyle Group Arabia in the Kingdom from 1999G to 2000G. He also worked as a lead project engineer in Saudi Aramco in Ras Tannura from 1996G to 1997G, as project engineer in Aramco Services Company/Bechtel in Canada and the United States from 1994G to 1996G, lead plant engineer in Saudi Aramco in Ras Tannura from 1992G to 1993G and a plant engineer in Aramco in Dharan from 1987G to 1990G.

Academic Qualifications: Ramzi Abukhadra obtained a master's degree in business administration in 1999G from Harvard University, in Boston, United States and a master of science degree in chemical engineering in 1992G from the University of Texas, United States and a bachelor's degree in chemical engineering with honors in 1985G from the University of Tennessee, United States.

Lama Khalid Al Hajj Ibrahim - Director

Nationality: Saudi

Age: 40

Professional Experience: Lama Al Hajj Ibrahim currently assumes the position of general manager and head of public stocks department of Olayan Saudi Investment Company (OSICO) since September 2002G. In 1998G, she worked as a financial analyst at the Saudi British Bank "SABB" in project finance and corporate finance and local and international banking and assumed the position of finance department manager from 1999G – 2002G.

Academic Qualifications: Lama Al Hajj Ibrahim obtained a master's degree in Banking Services in 1997G from the University of Redding, United Kingdom and a bachelor's degree in Business Administration in 1995G from the Lebanese American University, Lebanon.

Julio Garcia Villalon - Director

Nationality: Spanish

Age: 50

Professional Experience: Julio Garcia currently assumes the position of director for the Middle East region at MetLife in -Dubai since January 2012G. Previously, he was the regional director of wealth management in Western Europe at MetLife during the period from 2011G-2012G. During 2007G-2010G, he was the general manager of ALICO in Spain and Portugal and general manager of ALICO in Spain from 2003G to 2006G. Prior to that, he worked as manager of the Genesis Agency- MetLife and Banco Espana.

Academic Qualifications: Julio Garcia obtained a bachelor's degree in Business Administration in 1986G from the University of Valladolid, Spain and a master's degree in Business Administration in 1989G from Wayne State University, United States of America.

Youil Dib Homsy - Managing Director²⁸

Nationality: Lebanese

Age: 54

Professional Experience: Youil Homsy assumes the position of ALICO's regional vice-president and director for new markets in MetLife's Europe, Middle East and Africa Division since August 2007G and holds the position of the general manager of ALICO, the Kingdom since February 2009G. Youil joined the Company in 1980G as a general manager for the company's branches in Turkey and Jordan during the period of 2000G to 2007G and regional vice president for administrative affairs in the Middle East, Africa and South Asia from 1986G to 2000G and administrative and technical positions in the branches of the company in the Kingdom, United Arab Emirates and Turkey for the period from 1980G to 1989G.

Academic Qualifications: Youil Homsy obtained a bachelor's degree in Business Administration from the Lebanese American University - Lebanon in 1980G and is a Master Fellow of the Life Office Management Association in the United States since 1998G.

²⁸ It is worth mentioning that the Company currently intends to have Youil Homsy as its Managing Director until a permanent Managing Director is appointed for the Company and SAMA's non objection to his appointment has been obtained. The search for appropriate candidates to assume the position of Managing Director, in addition to obtaining the non-objection letter from SAMA on the appointment of the replacement is a process that could take several months (and in certain cases even more).

Mohamed Ossman Charabati - Director

Nationality: Syrian

Age: 56

Professional Experience: Mohammed Ossman Charabati assumes the position of Senior Regional Director of Group Insurance for Europe, the Middle East and Africa Division in MetLife since January 2005G. Mohamed joined the company since 1987G, where he held several positions, including General Manager of the Company's branch in Egypt and Regional Director of Group Insurance for the Middle East, Africa and South Asia region.

Academic Qualifications: Mohammed Ossman Charabati holds a Master's Degree in Business Administration- 1984G from the American University for International Relations - United States and a Bachelor's Degree in Business Administration- 1982G from Columbia University, United States.

Dr. Robert Maroun Eid - Director

Nationality: Lebanese

Age: 59

Professional Experience: Dr. Robert Eid has been the managing director and chief executive officer of Arab National Bank, the Kingdom since December 2005G. In addition, he currently serves as a member of the board of directors of Arab National Investment Company – the Kingdom and a member of the board of directors of the Saudi Home Loans - the Kingdom. Prior to that, he worked with the National Bank of Kuwait for more than 22 years, where he was based in London, UK and served as head of the bank's international network of foreign branches and subsidiaries. Over several periods, he served as the deputy chairman of the board of directors of the National Bank of Kuwait, Lebanon and as a member of the board of directors of the International Bank of Qatar, Qatar. Furthermore, he served as a member of the board of directors of the Arab Bankers Association in London, United Kingdom during 1997G – 2003G.

Academic Qualifications: Dr. Robert Eid obtained a bachelor degree in economics from the American University of Beirut in 1975G, a master's degree in economics from the American University in Beirut in 1977G and a Ph.D. in Banking and Finance from the Sorbonne University in Paris, France in 1982G.

Abdullah Ali Al Khalifa - Director

Nationality: Saudi

Age: 50

Professional Experience: Abdullah Al Khalifa currently serves as the chief financial officer of Arab National Bank, the Kingdom. He has over 18 years of banking experience. Prior to joining Arab National Bank in 2004G, he worked at Samba Financial Group, where he held several positions, including the position of assistant general manager in the Kingdom and the position of financial controller.

Academic Qualifications: Abdullah Al Khalifa holds a Certificate in Public Accounting and has been certified as public accountant (CPA) in 1996G. In 1991G he obtained a master's degree in accounting from the University of Miami, United States of America and in 1987G, he obtained a bachelor's degree in accounting from King Saud University, the Kingdom.

Christos Nicolas Adamantiadis - Director

Nationality: Greek

Age: 43

Professional Experience: Christos Adamantiadis is the regional director for the Middle East and North Africa (MENA) region at Chartis, Dubai, where he has been overlooking the operations of the company in the region since March 2012G. Since 2004G, he has assumed the position of strategic and operational leadership of the company in Russia, Turkey, Ukraine, Georgia and Greece. He was responsible for the final conversion of the operations of Chartis in Russia and has supervised the development and coordination between the local, regional and global business units in Turkey. He has also set financial and regulatory plans for the merger of the business of AIG-Greece subsequent to the merger.

Academic Qualifications: Christos Adamantiadis obtained a master's degree in International Economics and Business Administration in 1992G from SDA Bocconi, Milan, Italy and a bachelor's degree in Economics in 1991G from the London School of Economics, United Kingdom.

Suleiman Saud Al-Sayyari - Director

Nationality: Saudi

Age: 62

Professional Experience: Suleiman Al-Sayyari assumes the position of president and CEO of Saudi German Development and Investment company since 2010G and was the general manager from 1987G to 2009G. He established his own electrical and mechanical contracting business in Riyadh from 1982G to 1978G, assumed the position of general manager in the Saudi Laminated Plastics Company from 1980G to 1982G, project manager in the Saudi Electricity Corporation from 1979G to 1980G and project manager in the Ministry of Defence and Aviation from 1974G to 1979G.

Academic Qualifications: Suleiman Al-Sayyari obtained a bachelor's degree in electrical engineering in 1974G from Northern Arizona University, United States. He is also a certified environmental engineer in the Kingdom and a member of the Saudi Council of Engineers.

Abdul Mohsen Ibrahim Altouq – Director

Nationality: Saudi

Age: 39

Professional Experience: Abdul Mohsen Altouq assumes the position of CEO in Altouq Family office since 1998G. He is responsible for managing the financial services, energy, telecommunications, infrastructure and real estate operations of the office. He also worked with Credit Agricole Indosuez in Geneva and HSBC in the Kingdom in investment and corporate finance functions from 1996G to 1998G. He is also a member and chairman of the board of directors of several companies including Dar AlTamleek, Ithmar Capital, Saudi Networkers Services, Arabian Industries and Gulf Investment Partners.

Academic Qualifications: Abdul Mohsen Altouq obtained a bachelor's degree in business administration in 1995G from King Saudi University, Saudi Arabia.

Khalid Hamad Alyahya – Director

Nationality: Saudi

Age: 54

Professional Experience: Khalid Alyahya assumes the position of senior advisor in Lazard Ltd and is a member of the board of directors of Al Rajhi Capital. Previously, he was the president and CEO of the Saudi Railways Organization and the chairman of the Inter-Ministerial Steering Committee for the railway expansion program in the Kingdom from 1999G to 2007G. He was an executive director and member of the board of directors at the World Bank Group in the United States from 1997G to 1998G, worked as the director in the private projects department at the Saudi Development Fund from 1988G to 1996G. He also assumed the position of executive director in Al-Anwae Group where he was responsible for the investment strategy and international portfolio allocation of this prominent Saudi business group.

Academic Qualifications: Khalid Alyahya obtained a bachelor's degree and a master's degree in civil and environmental engineering in 1981G from the University of Wisconsin, United States.

7.2.1 Board Secretary**Rami Mohamed Al Nahhas - Board Secretary**

Nationality: Jordanian

Age: 40

Professional Experience: Rami Al Nahhas assumes the position of regional legal advisor of ALICO, Middle East, Africa and South Asia since 2009G. Prior to that, he was the manager of the legal department at Al Futtaim Group, UAE during 2004G-2009G. He also worked at the Arab Bank PJSC, Jordan during 1998G-2004G and served as a legal advisor at the global legal department in Jordan from 1998 until 2001G and as a manager in the legal department for the UAE region until 2004G. Rami also assumed several positions at various law firms in Jordan.

Academic Qualifications: Rami Mohamed Al Nahhas obtained a masters' degree in Law in 1995G from the University of Aberdeen, Scotland and a bachelor's degree in law in 1994G from Amman University, Jordan.

7.3 Senior Management & Manager

The Company will perform its duties through its senior management that comprises of:

Name	Position	Age	Nationality	Direct Shareholding	Indirect Shareholding
Oussama Younis El Khatib	Deputy General Manager- General Insurance	47	Lebanese	None	None
Shaji Khawaja Hassan	Chief Financial Officer (temporary)	58	Pakistani	None	None
Tarek Fouad Chami	Operations Manager (temporary)	46	Lebanese	None	None
Karrar Ahmad Siddique	Claims Manager- General Insurance	57	Pakistani	None	None
Wahid Hussein Ma'aboud Hussein	Distribution & Marketing Manager- General Insurance	58	Indian	None	None
Sayyed Siddique Mehdi	Technical Manager- General Insurance	39	Indian	None	None

Source: the Company

7.3.1 Resumes of the Senior Management and Managers

Oussama Younis El Khatib - Deputy General Manager- General Insurance

Nationality: Lebanese

Age: 47

Professional Experience: Oussama Younis El Khatib is the deputy general manager of the general insurance of the Company. Osama has extensive experience in the insurance field. He joined ALICO in 2008G and is the general manager of CHARTIS in the Kingdom since 2009G. Prior to that, he served for 16 years in Arabia Insurance Company in Lebanon and the Arab International Insurance Company in the Kingdom where he held several positions including the position of operations manager.

Academic Qualifications: Oussama Younis El Khatib obtained a bachelor's degree in Physics in 1992G from the Lebanese University, Lebanon.

Shaji Khawaja Hassan – Chief Financial Officer (Temporary until a permanent CFO is appointed)

Nationality: Pakistani

Age: 58

Professional Experience: Shaji Hassan has extensive experience in the insurance field. He joined ALICO, Turkey, Istanbul in 1994G as an internal auditor and currently serves as the chief operations officer and internal auditor since 2006G. He previously worked as a certified auditor in KPMG in Pakistan and the United Arab Emirates.

Academic Qualifications: Shaji Hassan obtained a bachelor's degree in Business Administration from Karachi University, Pakistan. He is a licenced chartered accountant by the Institute of Chartered Accountants of Pakistan.

Tarek Fouad Chami - Operations Managers (Temporary until a permanent operations manager is appointed)

Nationality: Lebanese

Age: 46

Professional Experience: Tarek Fouad Chami, the Company's operations manager, has extensive experience in the insurance field. He worked as a manager in Al-Makasid health care company from 1990G until 1992G and as a sales representative in Makhoul and Co. in Lebanon from 1992G until 1994G. He also worked as an operations manager in a commercial company from 1995G until 1997G. He joined ALICO in 1997G and evolved through different positions, the latest of which was the position of chief operating officer for the Company in the Kingdom. Prior to that, he assumed the position of operations manager for ALICO's Gulf operations based in the United Arab Emirates.

Academic Qualifications: Tarek Fouad Chami obtained a bachelor's degree in Health Sciences in 1989G from the American University in Beirut, Lebanon. He is also a fellow of Life Office Management Association "LOMA" of the United States since 2004G.

Karrar Ahmed Siddique - Claims Manager- General Insurance

Nationality: Pakistani

Age: 57

Professional Experience: Karrar Ahmed Siddique is the claims manager within the general insurance department of the Company and has extensive experience in the insurance field. He joined the AIG in 1981G prior to his graduation and has evolved through different positions becoming the claims manager of CHARTIS in the Kingdom. Prior to that, he served as an inspection expert and loss adjuster in several companies in Pakistan.

Academic Qualifications: Karrar Ahmed Siddique obtained a bachelor's degree in Business Administration in 1985G from Karachi University, Pakistan.

Wahid Hussein Ma'aboud Hussein - Distribution & Marketing Manager- General Insurance

Nationality: Indian

Age: 58

Professional Experience: Eng. Wahid Hussein Ma'aboud Hussein, the distribution & marketing manager within the general insurance department of the Company has extensive experience in the insurance field. He worked as a site engineer in Hyderabad Builders, Hyderabad –India, from October 1974G to October 1977G. He also worked as a surveyor in Gautham Builders, Hyderabad-India from November 1977G to May 1980G, supervising constructions sites and roads, among others. He was a sales engineer in MEDCO, Riyadh, the Kingdom from June 1980G to April 1981G. Soon after that, he joined AIG in 1981G and the operations manager of CHARTIS in the Kingdom.

Academic Qualifications: Eng. Wahid Hussein Ma'aboud Hussein obtained a bachelor's degree in Civil Engineering in 1974G from the University of Jawaharlal Nehru, India.

Sayyed Siddique Mehdi - Technical Manager - General Insurance

Nationality: Indian

Age: 39

Professional Experience: Sayyed Siddique Mehdi, the technical manager in the general insurance department of the Company has good experience in the insurance field. He joined AIG in 2004G and served as the underwriting manager of CHARTIS in the Kingdom. Prior to that, he served as a network manager in Call Info Company, India, specialised in information technology, the finance and operations director of Oil Benz, India and served as an accountant in India Builders Corporation, India.

Academic Qualifications: Sayyed Siddique Mehdi obtained a bachelor's degree in Commerce (B.Com) from Bangalore University (Year of Completion 1994G). He also obtained a master's degree in Business Administration in 1997G from Bangalore University, India. He is also a member of the underwriting academy at the Chartered Insurance Institute in London, the United Kingdom.

7.4 Corporate Governance

The Company is committed to high standards of corporate governance and considers such commitment critical to its success. The Company's Board of Directors shall comply with all Corporate Governance Regulations issued by the CMA and the provisions of the Shareholders Agreement entered into by the Founding Shareholders which organises the relation of the Board with its different committees. The Management considers this aspect a key factor for its success, which requires the implementation of a clear framework for transparency and disclosure in order to ensure that the Board acts in the Shareholders' best interests and provides an actual, clear and balanced overview of the Company's financial condition and operations results. The Company will develop a specific corporate governance system to be adopted by the General Assembly within one year from the date of listing.

The Company will have a clear division of responsibilities between the Board and the executive management of the Company. In order to maintain the best international practices and comply with the requirements of the Corporate Governance Regulations issued by CMA, there will be 4 (four) independent and non-executive Directors.

The senior management staff will be composed of highly professional, experienced and skilled team members, who have been granted sufficient executive powers to manage the Company in an effective manner within the restrictions of the directions resolved by the Board.

The Company will adopt internal control systems and procedures and will establish an internal auditing department

employing professionals to conduct independent audits within the Company. Also, the Company's external auditors will provide annual reports to the Board without providing any other services.

The following is a summary of the proposed corporate governance structure of the Company:

Shareholders' General Assembly:

The Company endeavours to keep Shareholders up to date with all major developments in the Company by communicating with them and publishing periodical reports on the Company's financial performance. It will also circulate all material news and information related to the Company and its operations and performance using available and advanced user-friendly means of communications and by encouraging the participation of individual Shareholders in the Company's General Assembly meetings. The CMA's corporate governance department shall be advised of the date of the Constituent General Assembly in order for it to attend the meeting.

The Board of Directors:

The Board of Directors shall assume full responsibility for the management of the Company to provide efficient leadership and maintain a sound internal control system in order to protect the interests of the Shareholders. The Company shall apply cumulative voting in the General Assembly for the election of Directors in compliance with the requirements of the Corporate Governance Regulations.

Balance of the Board:

Most of the Directors shall be non-executive directors (not assuming any position in the Company other than being a Director) in order to ensure impartiality and balance in the process of adopting decisions by the Board. Moreover, 4 (four) of the Directors shall be independent Directors.

Disclosure of financial and other information:

The Board shall be responsible for providing the Shareholders with an actual and fair overview of the Company's financial performance. In addition, there will be a mechanism in place to ensure that the Board receives appropriate information in a timely manner enabling it to fulfil its duties.

Committees of the Board:

The Board shall form committees to ensure a better management of the Company in compliance with the requirements of the Corporate Governance Regulations and other laws applicable in the Kingdom. The general framework for the Corporate Governance Regulation clarifies and specifies the manner of the Company's management by laying down the affairs and responsibilities delegated to the Board and the basic principles of actions of the Board and its affiliated committees, as well as determining the duties, powers, policies, regulations, procedures and guidelines.

The corporate governance policy of the Company includes the general structure of three principal committees and the responsibilities of each of them, as shown below:

7.5 The Executive Committee

As mentioned in the Bylaws, the Board shall form an executive committee consisting of not less than 3 (three) members and not more than 5 (five) members. The Board may delegate powers to such committee, pursuant to the Bylaws and the regulations in force, provided that the exercise of such delegated powers by the executive committee should be in compliance with any regulations or laws which may be imposed thereon by the Board.

The Board shall form from amongst its members an executive committee composed of five (5) members as follows:

- 2 (two) members representing ALICO.
- 1 (one) member representing CHARTIS.
- 2 (two) members representing ANB.

The executive committee will hold at least 6 (six) meetings per year.

It shall be formed of the following members and the chairman shall be appointed at its first meeting:

Name	Position	Representing
Robert Maroun Eid	Member	Arab National Bank
Abdullah Ali Al Khalifa	Member	Arab National Bank
Youil Dib Homs	Member & Managing Director	American Life Insurance Company
Julio Garcia Villalon	Member	American Life Insurance Company
Christos Adamantiadis	Member	Chartis Mems Holdings

Source: the Company

7.5.1 Resumes of the Members of the Executive Committee

For information about the resumes of the members of the executive committee, please refer to “Resumes of Nominated Directors” Section.

7.6 Liaison Committee

The Board will form, amongst the executive managers of ANB, ALICO and CHARTIS, a liaison committee consisting of 7 (seven) members as follows:

- 2 (two) members representing ANB
- 1 (one) member representing ALICO
- 1 (one) member representing CHARTIS
- 3 (three) members representing the Company, which are the general manager, the deputy general manager of the protection and savings division and the deputy manager of the general insurance division.

The liaison committee shall play a consulting role only whereby its decisions are not binding on anyone. The Board specifies the powers of the liaison committee, which shall be a platform to discuss any matters relating to the operations of the Company's business including matters related to the insurance distribution agreement. The liaison committee shall meet at least once every three months. The quorum is met by presence of at least one representative of every Founding Shareholder and its decisions are passed by the majority.

The members of this committee have not yet been appointed, as their appointment shall take place once the Company is incorporated.

7.7 Audit Committee

The Board shall form a committee consisting of non-executive Directors and others, known as the audit committee, exercising the duties and powers delegated thereto by the Board from time to time in accordance with the provisions of the Corporate Governance Regulations.

As shown in the Bylaws, the audit committee is formed of not less than 3 (three) and not more than 5 (five) non-executive members. It shall be composed of a majority of non-Directors. The Company shall appoint 5 (five) members as follows:

- 1 (one) member representing ALICO.
- 1 (one) member representing CHARTIS.
- 1 (one) member representing ANB.
- 1 (one) member from the independent Directors.
- 1 (one) member who is independent from the Company and the Founding Shareholders and has specific expertise in accounting and finance affairs.

The powers and responsibilities of the audit committee include the following:

- Oversee the internal audit department of the Company to ensure the efficient performance of its activities and tasks assigned to it by the Board;
- Make recommendations to the Board with respect to the appointment or replacement of the external auditors and determine their remuneration, with due consideration to their independence in making recommendations;
- Monitor the work of external auditors and approve any activities beyond their scope of work during their audit work;
- Review and develop the audit plan with the external auditor and provide any remarks thereto;
- Review the internal audit plan and procedures and provide its opinions and recommendations in relation thereto;
- Review and correct the internal audit reports;

- Review the external auditor's comments to the financial statements and monitor the actions taken in this regard;
- Review the quarterly and annual financial statements prior to their submission to the Board and provide comments and recommendations in relation thereto; and
- Examine the accounting policies adopted by the Company and make recommendations in this respect to the Board.

The audit committee is required to meet a minimum of four times per year.

The audit committee shall be formed by the following members and the chairman of the audit committee shall be appointed at the first meeting:

Name	Position	Nationality	Age	Representing
Arif Aziz	Member	Pakistani	58	ALICO
Anup Supra	Member	Indian	47	ANB
Wayne Alan Abraham	Member	South African	43	CHARTIS
*Vacant	Member			Independent Director
*Vacant	Member			Independent with expertise in accounting & financial matters

Source: the Company

*Shall be appointed upon the holding of the Constituent General Assembly.

7.7.1 Resumes of the Members of the Audit Committee

Arif Aziz - Member of the Audit Committee

Nationality: Pakistani

Age: 58

Professional Experience: Arif Aziz joined ALICO in 1986G. He currently, serves as deputy regional financial officer of the Arabian Gulf Region and the Kingdom. Prior to that, he held several positions, including regional controller of the Middle East, Africa and South Asia region. Aref Aziz has 36 years of experience in finance, accounting and auditing. Prior to joining ALICO, Aziz worked at KPMG in Dubai and Pakistan for a period of ten years.

Academic Qualifications: Arif Aziz obtained a bachelor's degree in Business Administration in 1975G from Karachi University, Pakistan and is a licensed chartered accountant from the Institute of Chartered Accountants of Pakistan.

Anup Supra - Member of the Audit Committee

Nationality: Indian

Age: 47

Professional Experience: Anup Supra joined ANB in the Kingdom in 2002G. He currently serves as the head of internal audit. Anoop Supra has 26 years of experience in finance, accounting and auditing, as has worked in several companies, including Ernst & Young.

Academic Qualifications: Anup Supra obtained a bachelor's degree in Business Administration in 1986G from University of Delhi, India and a Chartered Public Accountant Certificate in 1994G.

Wayne Alan Abraham - Member of the Audit Committee

Nationality: South African

Age: 43

Professional Experience: Wayne Abraham joined Chartis in 2002G. He currently, serves as the financial officer in Dubai. He oversees the company's operations in the Middle East region, the Mediterranean region, Southern Asia, Africa, Russia and Turkey. Prior to that, he served as operations executive manager at AIG in South Africa between the period of 2002G-2007G.

Academic Qualifications: Wayne Abraham obtained a bachelor's degree in Business Management in 1992G from Rand Afrikaans University and a bachelor's degree in Accounting Science from the University of South Africa in 1995G.

7.8 Nomination & Remuneration Committee

The Board of Directors shall form, from its non-executive members, a nomination and remuneration committee composed of 3 (three) members as follows:

- 1 (one) member representing ALICO.
- 1 (one) member representing CHARTIS.
- 1 (one) member representing ANB.

The duties and responsibilities of the nomination and remuneration committee include the following:

- Recommend nominations to Board's membership and ensure not to nominate any person previously convicted of an honor or integrity offence;
- The annual review of the required appropriate skills for Board membership and to set a description of the required skills and qualifications in Directors, including the determination of the time dedicated by the members for Board's matters;
- To review the management structure and to submit recommendations regarding possible changes;
- The determination of the weaknesses and strengths in the Board of Directors and the proposal of solutions in the interest of the Company;
- To ensure the independence of the independent members on an annual basis and the absence of any conflict of interests if a Director is serving as a member in another company's boards of directors; and
- To set clear policies for the remuneration of Directors and senior executives using performance criteria to set such remunerations.

The nomination and remuneration committee is required to meet at least twice a year.

The nomination and remuneration committee shall be composed of the following members. The chairman of the committee will be appointed at its first meeting:

Name	Position	Representing
Abdullah Ali Al-Khalifa	Member	ANB
Mohamed Ossman Charabati	Member	ALICO
Christos Adamantiadis	Member	CHARTIS

Source: the Company

7.8.1 Resumes of the Nomination and Remuneration Committee Members

For information about the Resumes of the Members of the Nomination and Remuneration Committee, see section "Resumes of Nominated Directors".

7.9 Remuneration of the Directors and Senior Executives

Compensation and remuneration of the Directors shall be determined in accordance with Article (17) of the Bylaws. The remunerations of the Board of Directors are composed of the allowance for services provided and allowance for attending the Board or committees' meetings which are prescribed by the Companies Regulations or any other supplementary regulations, resolutions or instructions.

The remuneration of the Chairman of the Board for performing his duties shall be SAR 180,000 (one hundred eighty thousand Saudi Riyals) per annum. The remuneration for each Director for performing their respective duties shall be SAR 120,000 (one hundred twenty thousand Saudi Riyals) per annum.

The Chairman and each Director shall be paid SAR 3,000 (three thousand Saudi Riyals) for attending each Board meeting and a sum of SAR 1,500 (one thousand five hundred Saudi Riyals) for attending each meeting of the Board's sub committees. The Company shall also pay the Chairman and Directors all actual expenses they incur to attend meetings of the Board or the executive committees of the Board, including travel and accommodation expenses.

However, under all circumstances, total payments made to the Chairman and Directors shall not exceed 5% of the Company's net profits. The Company is required to notify all Shareholders of the proposed compensations and remunerations prior to convening the General Assembly meeting at which the proposed compensations and remunerations shall be submitted to voting.

No contract has been entered into by the Company and any of its executive directors as of this date. After its incorporation, the Company wishes to enter into contracts with the Managing Director and certain key personnel whereby the employment's terms and conditions and the agreed fees are set out through direct employment contracts.

7.10 Employment Contracts of Directors and Senior Executives

There are no employment contracts currently signed with any of the Directors or the nominated executive directors. As mentioned above, the Company shall seek, upon its incorporation, to employ a number of employees and Directors currently working with ALICO and CHARTIS, or its parent or sister companies and to enter into employment contracts whereby their scope of work, terms of services and remunerations shall be defined.

7.11 Acknowledgement and Declaration of the Nominated Directors, Senior Executives and Secretary of the Board of Directors

The nominated members of the Board of Directors, the Managing Director, the financial officer, the senior executives and secretary of the Board of Directors acknowledge the following:

1. They have never been declared bankrupt or subject to bankruptcy procedures;
2. Except as disclosed in this Prospectus in the "Direct and Indirect Interest of Directors and Key Executives", neither the Directors nor senior executives or any of their Relatives or affiliates have any material interests, direct or indirect, in the Shares or debt instruments;
3. Except as disclosed in this Prospectus, neither the Directors nor senior executives or any of their Relatives or affiliates, have any material interest in any contracts or arrangements, written or verbal, or contracts or arrangements contemplated at the time of the Prospectus, which has an important effect on the business of the Company;
4. The Company may not grant any cash loans to any of its Directors; and it may not guarantee any loans contracted by a Director with a third party, in accordance with Article (71) of the Companies Regulations;
5. The prospective statement of the financial position listed in this Prospectus has been prepared based on the Company's financial statements without any material amendment being made thereto, in accordance with the accounting standards accepted in the Kingdom with regard to the acceptable procedures issued by SOCPA. The nominated Directors confirm that all material information has been fairly disclosed and that no information has been omitted which may materially affect the results of analysis. They also acknowledge that the Company has no mortgages, rights or liens on its properties as of the date of the Prospectus;
6. There is no intention to materially change the Company's nature of business;
7. The Company has no on-going business outside the Kingdom up to the date of this Prospectus;
8. The Company has no subsidiaries operating outside the Kingdom up to the date of this Prospectus; and
9. Directors, senior executives, the Managing Director and the Board secretary do not have any power enabling them to vote on a contract or proposal in which they have material interest, or enabling them to vote on any compensation or remuneration to themselves or allowing them to take loans from the Company accordance to Article (69) of the Companies Regulations.

7.12 Conflict of Interests

The Company's constitutional documents do not grant any powers enabling a Director to vote on a contract or offer in which he has material interest, whether directly or indirectly, pursuant to the provision of Article (69) of the Companies Regulations, which prescribes that a Director may not have any direct or indirect interest in the transactions and contracts of the Company except with the permission of the Ordinary General Assembly to be renewed annually. According to the provision of that same Article, a Director shall inform the Board of any personal interest he may have in the transactions and contracts entered into by the Company. The Chairman of the Board is required to disclose to the Ordinary General Assembly the transactions and contracts in which any Director has personal interest as prescribed by the Companies Regulations and shall submit a special report from the auditor. The said disclosure shall be recorded in the Board's minutes of meeting whereby the conflicted Director is not allowed to take part in the vote on the related matter. Based on the foregoing, the Directors shall commit to the following:

1. To comply with the provisions of Articles (69) and (70) of the Companies Regulations and Article (18) of the Corporate Governance Regulation.
2. To refrain from voting on all contracts entered into with the related parties in the general assembly meetings and not to participate in any activity which may compete with the Company's activities and that all the future transactions with the related party shall be conducted on arm's length basis pursuant to the provision of Article (70) of the Companies Regulations.

7.13 Saudization Plan & Employees Training

7.13.1 Saudization Plan

The Company's employment policy shall be focused on hiring employees of appropriate qualifications and sufficient expertise. The Company shall adopt a Saudization Plan in line with the Insurance Law and its Implementing Regulations, whereby the Company aims to achieve a Saudization rate of 30% by the end of the first year and to increase this rate by 5% per annum, so that the Saudization rate in the Company is increased to 50% by the end of the fifth year of operation.

The following table shows the Company's expected Saudization rate as of the end the first year of operations.

Management	Saudi	Non-Saudi	Total	Saudis Ratio
Senior Management	2	12	14	14.3%
Management	3	15	18	16.7%
Supervisors	7	11	18	38.9%
Support Divisions	19	26	45	42.2%
Total	31	64	95	32.6%

Source: the Company

The following table shows the Company's Saudization plan for the first five years of operations:

Year	Saudi	Non-Saudi	Total	Saudis Ratio
1st Year	31	46	95	32.6%
2nd Year	43	73	116	37%
3rd Year	55	77	132	41.7%
4th Year	69	81	150	46%
5th Year	83	80	163	50.9%

Source: the Company

7.13.2 Employees Training

The Company's policy is based on a commitment to professionalism and the conduct of the insurance business on advanced technical and managerial basis. Hence, the Company shall regularly provide its employees with training programs specialized in all its different activities, through the specialized institutes or programs, such as the Saudi Arabian Institute of Banking and other specialized institutes both in the Kingdom and abroad. The Company shall also rely on internal technical training programs provided at its regional branches while encouraging its employees to follow an ongoing education and the participation to improvement and leadership programs taking place in the Kingdom and abroad.

8. FINANCIAL INFORMATION

The Company has appointed Deloitte and Touche Baker Abu AlKhair & Co. to carry out the examination of the financial forecasts. The prospective statement of the financial position of the Company was prepared as of 30 June 2013G. The examination, which is prepared in accordance with the auditing standards on prospective financial statements as issued by the Saudi Organization for Certified Public Accountants (SOCPA), involved the necessary procedures to constitute a reasonable degree of persuasion to enable them to express an opinion on the preparation and presentation of the prospective statement of the financial position and the basic assumptions the statement has been based on.

Deloitte and Touche Baker Abu AlKhair & Co. believes that the prospective statement of the financial position attached herewith has been presented and disclosed in accordance with the requirements of the auditing standards on prospective financial statements issued by SOCPA and the assumptions that the statement is based on reasonable basis for the forecasts issued by the Company's management.

Because events and circumstances may not often occur as expected, the expected results may differ from the actual results. Therefore, the prospective financial position may not be achieved and may materially differ from the actual financial position.

8.1 Disclosure & Periodic Reporting Obligations

The Company shall comply with the obligations of disclosure and the requirements of periodic reporting in accordance with the Capital Market Law promulgated under Ministerial Resolution No. (91) dated 1/07/1424H (corresponding to 29/08/2003G), the Listing Rules issued by the CMA, amended by the CMA Board Resolution 1/4/2012 dated 28/02/1433H. (corresponding to 22/01/2012G) and Corporate Governance Regulations issued by the CMA under Resolution 1-212-2006 dated 21/10/1427H (corresponding to 12/11/2006G). The Company shall provide the CMA with periodic financial statements in accordance with the CMA rules and regulations. Furthermore, the Company intends to provide an annual report including the audited financial statements to its Shareholders.

Pursuant to the Insurance Law and its Implementing Regulations, the Company shall provide SAMA with the audited financial statements within 90 (ninety) days of the end of the Fiscal Year and shall provide the auditors' report and financial statements to SAMA within 60 (sixty) days of the end of the Fiscal Year for approval prior to its publication in the Official Gazette.

8.2 Significant Accounting Policies

The prospective statement of the financial position was prepared in accordance with the auditing standards issued by SOCPA.

8.3 Board Acknowledgment of Financial Information

The proposed Directors acknowledge that the prospective statement of the financial position in the Prospectus is extracted without material change from the audit report prepared by Deloitte and Touche Baker Abu AlKhair & Co. and that the financial statements have been prepared in accordance with the accounting standards issued by SOCPA.

8.4 Prospective Statement of the Financial Position

The prospective statement of the financial position and the notes related thereto in the Prospectus were prepared as of the expected operating date of the Company (30 June 2013G) and it has been reviewed by Deloitte and Touche Baker Abu AlKhair & Co. in accordance with the auditing standards on prospective financial statements issued by SOCPA.

It should be noted that Deloitte and Touche Baker Abu AlKhair & Co. do not own any Shares or interest of any kind in the Company, nor do any of their Relatives or affiliates. In addition, Deloitte and Touche Baker Abu AlKhair & Co. has given their consent on the publication of their report in this Prospectus. This consent has not been withdrawn up to the date of this prospectus.

The following table shows details on the assets, liabilities and Shareholders' equity as of 30/06/2013G (expected operating date).

ASSETS	As at 30 June 2013G (SAR'000)
CURRENT ASSETS	
Cash with the bank	105,000
Projected cash from initial public offering	52,500
Prepaid rent	639
TOTAL CURRENT ASSETS	158,139
NON-CURRENT ASSETS	
Pre-operating expenses	23,507
Statutory deposit	17,500
Fixed assets	13,649
TOTAL NON-CURRENT ASSETS	54,656
TOTAL ASSETS	212,795
LIABILITY & SHAREHOLDERS' EQUITY	
CURRENT LIABILITY	
Payable to related parties	37,795
TOTAL CURRENT LIABILITY	37,795
SHAREHOLDERS' EQUITY	
Share capital to be paid in by founding shareholders	122,500
Forecasted share capital from initial public offering	52,500
TOTAL SHAREHOLDERS' EQUITY	175,000
TOTAL LIABILITY AND SHAREHOLDERS' EQUITY	212,795

Source: Deloitte and Touche Baker Abu AlKhair & Co.

8.5 Pre-Operating Expenses

Pre-operating expenses include the following:

PRE-OPERATING EXPENSES	Unaudited (SAR)
IPO COST *	13,688
EMPLOYEES EXPENSES**	2,548
INFORMATION SYSTEMS	1,678
TRAVEL ***	990
PRODUCTS & TRADEMARK REGISTRATION	1,091
DEPRECIATION	1,652
OFFICES RENTAL	1,130
PROFESSIONAL FEES***	730
TOTAL	23,507

Source: Deloitte and Touche Baker Abu AlKhair & Co.

* includes IPO cost, marketing expenses, financial advisor fees, underwriting fees, Receiving Entities fees, costs of printing and distributing the Offering's materials as well as Al-Elm fees and fees payable to CMA and Tadawul

** includes expenses related to salaries and benefits of the work team.

*** includes cost of travels of the executive and technical employees of ALICO, CHATIS and ANB to set up the Company and its technical and managerial infrastructure.

**** include the fees of the legal advisors, financial advisors and other professionals appointed by the Founding Shareholders to complete the setup of the Company.

9. DIVIDEND POLICY

The Company intends to distribute dividends from its annual net profits to Shareholders, after payment of Zakat and payable taxes to the Department of Zakat and Income Taxes, which will be calculated from the Company's net profit, after withholding the policyholders' share amounting to 10% of the surplus of insurance and investment operations which shall be paid directly to the policyholders or deducted from the policy renewal Premium, provided that the balance of net surplus amounting to 90% is transferred to the Shareholders income. The Company must obtain the approval of SAMA on any proposed annual distributions from the net surplus before distributing the dividends and withhold 20% of the net profits to constitute the statutory reserve. The Ordinary General Assembly may discontinue the transfer to statutory reserve when it equals 100% of the Company's total paid up capital.

The Ordinary General Assembly may also, upon the proposal of the Board, approve to withhold a percentage of the net profits to constitute an additional reserve and allocate it for purposes that contribute to consolidate the Company's financial position, increase its expansion potentials and invest in the elements of its future success.

Any declaration of Share dividends will depend on the Company's financial position, the market condition, the general economic conditions and other factors, including the availability of investment opportunities, reinvestment of dividends and the Company's need for cash and capital, as well as other legal and regulatory considerations to fulfil the contractual obligations of the Company. Dividends will be distributed in Saudi Riyals.

Although the Company intends to distribute dividends to its Shareholders, it does not guarantee any actual distribution of dividends at any year, nor does it guarantee the amount which will be distributed in any year in the future.

The dividends distribution is subject to certain limitations stipulated in the Company's Bylaws (See section 14 "Summary of the Company's Bylaws").

The Offered Shares shall be entitled to receive any dividends declared by the Company after the Offering Period and for the subsequent Fiscal Years.

After determining the total surplus and distributing the insured's share of the surplus, the Shareholder's profits shall be distributed as follows:

1. Zakat and income tax allocations are to be withheld.
2. 20% of the net profits shall be withheld to form a statutory reserve. The Ordinary General Assembly may discontinue this withholding of the net profits when the said reserve reaches the entire paid-up capital.
3. The Ordinary General Assembly may, upon request of the Board of Directors, withhold an additional percentage of the annual net profits to form an additional reserve to be allocated for the purpose or specific purposes decided by the Ordinary General Assembly.
4. The balance shall be paid to the Shareholders as an initial payment of not less than 5% of the paid-up capital.
5. The balance shall be distributed among the Shareholders as a share in the profits or transferred to retained earnings account.
6. By resolution of the Board of Directors, periodic profits, deducted from the annual profits specified in subsection 4 above, may be distributed in accordance with applicable rules and regulations issued by competent authorities.

10. CAPITALIZATION AND INDEBTEDNESS

The share capital of the Company shall be SAR 175,000,000 (one hundred seventy five million Saudi Riyals), divided into 17,500,000 (seventeen million, five hundred thousand) Shares at Nominal Value each. The Founding Shareholders have subscribed to 12,250,000 (twelve million, two hundred fifty thousand) Shares, representing 70% of the Company's Capital, the value of which has been paid and deposited in the Company's escrow account with Arab National Bank, where the other 5,250,000 (five million, two hundred fifty thousand) Shares will be raised through the Offering.

Except for what is indicated in the Independent Accountant's report (see Appendix 1), the Company confirms that it has no debt instruments, long-term liabilities or any amounts due to the banks, which include the securities and liabilities related thereto, nor does the Company have any bank facilities agreements or any other indebtedness up to the date of this Prospectus.

The Directors have reviewed the Company's estimated working capital requirements for the upcoming period of 12 (twelve) months and believe that, taking into consideration the net IPO proceeds, the Company will have sufficient working capital funds during this period. The Directors further confirm that the Company's capital is not subject to any option/preferential rights except as mentioned in section 15.6.1 "Shareholders Agreement".

It should be noted that no commissions, discounts, fees or any in-kind compensation have been given over the two years directly preceding the date of filing the listing application with regards to the issuance or sale of any securities to third parties.

11. USE OF OFFERING PROCEEDS

The total proceeds from the Offering are estimated at SAR 52,500,000 (fifty two million, five hundred thousand Riyals), of which approximately SAR 13,688,000 (thirteen million, six hundred eighty eight thousand Riyals) shall be deducted to cover the Offering expenses which include the fees of each of the Financial Advisor, legal advisors, Lead Manager, Receiving Entities and the Underwriter, in addition to marketing expenses, printing and distribution expenses (see Section 8 "Financial Information") and other Offering related expenses and salaries and the incorporation work team expenses (see Section 10 "Capitalisation & Indebtedness"). The net Offering proceeds which amount to SAR 38,812,000 (thirty eight million, eight hundred twelve thousand Riyals) and will pass to the Company and no part thereof will be paid to the Founding Shareholders.

Subject to any limitations imposed by SAMA, the Company intends to use the net proceeds and the Founding Shareholders' contribution after deducting the Offering expenses to finance the pre-operating expenses and meet the working capital requirements and other objectives of the Company, whilst ensuring that the Company maintains the minimum required solvency levels and the minimum adequacy level of the working capital, as prescribed by the Insurance Law and its Implementing Regulations.

The below table shows the details of the use of Offering proceeds:

The Use of Offering Proceeds and Founding Shareholders Offering Money	SAR (million)	Percentage
Offering Proceeds	52.5	30%
Founding Shareholders Subscription Money	122.5	70%
Total Capital	175.0	100%

Use	SAR (million)	Percentage (from Total Offering Proceeds)
Pre-operating expenses (including offering expenses)	15.64	29.79%
General needs of the first year working capital	20.22	38.51%
Buying non-current assets	9.05	17.24%
Maintaining the company's minimum margin of solvency	7.59	14.46%
Total	52.50	100%

Source: Deloitte & Touche Bakr Abulkhair & Co.

12. ACKNOWLEDGEMENTS

12.1 Acknowledgement of the Proposed Directors and Senior Executives

The proposed Directors and senior executives of the American International Group and Arab National Bank for Cooperative Insurance declare the following:

1. They have never been declared bankrupt or been subject to bankruptcy proceedings;
2. Except as disclosed in this Prospectus, neither the Directors nor senior executives or any of their Relatives or affiliates have any material interests, direct or indirect, in the Shares or debt instruments;
3. Except as disclosed in this Prospectus, neither the Directors nor senior executives or any of their Relatives or affiliates, have any material interest in any contracts or arrangements, written or verbal, or contracts or arrangements contemplated at the time of the Prospectus, which has a significant effect on the business of the Company;
4. The Company may not grant any cash loans to any of its Directors; and may not guarantee any loans contracted by a Director with a third party, in accordance with Article (71) of the Companies Regulations;
5. The prospective statement of the financial position contained in this Prospectus has been prepared based on the Company's financial statements without any material amendment being made thereto, in accordance with the accounting standards accepted in the Kingdom and the acceptable procedures issued by SOCPA. All information has been fairly disclosed and no information has been deleted in a way that may affect the results of the analysis.
6. After review of the Company's expected cash flow requirements for its business in the next twelve months, the Company has sufficient financial resources to cover the working capital requirements during that period;
7. There are no mortgages, encumbrance or rights on the Company's properties up to the date of this Prospectus;
8. There is no intention to materially change the Company's nature of business;
9. The Company has no on-going businesses outside the Kingdom up to the date of this Prospectus;
10. The Company has no subsidiaries operating outside the Kingdom up to the date of this Prospectus; and
11. Directors, senior executives, the Managing Director or Board secretary do not have any power enabling them to vote on a contract or proposal in which they have a material interest or enabling them to vote on any compensation of remuneration to themselves or allowing them to take loans from the Company in accordance to Article (69) of the Companies Regulations.

12.2 Acknowledgement of the Proposed Managing Director

The proposed Managing Director of the American International Group and Arab National Bank for Cooperative Insurance declares the following:

1. He has never been declared bankrupt or been subject to bankruptcy proceedings;
2. Except as disclosed in this Prospectus, neither the Managing Director nor any of his Relatives or affiliates have any material interests, whether direct or indirect, in the Shares or debt instruments; and
3. Except as disclosed in this Prospectus, neither the Managing Director nor any of his Relatives or affiliates, have any material interest in any contracts or arrangements, written or verbal, or contracts or arrangements contemplated at the time of the Prospectus, which has as significant effect on the business of the Company.

12.3 Acknowledgement of the Proposed Board Secretary

The proposed Board secretary of the American International Group and Arab National Bank for Cooperative Insurance declares the following:

1. He has never been declared bankrupt or been subject to bankruptcy proceedings;
2. Except as disclosed in this Prospectus, neither the Board secretary nor any of his Relatives or affiliates have any material interests, whether direct or indirect, in the Shares or debt instruments; and
3. Except as disclosed in this Prospectus, neither the Board secretary nor any of his Relatives or affiliates, have any material interest in any contracts or arrangements, written or verbal, or contracts or arrangements contemplated at the time of the Prospectus, which significantly affects the business of the Company.

13. DESCRIPTION OF SHARES

13.1 Share Capital

The share capital of the Company is SAR 175,000,000 (one hundred seventy five million Saudi Riyals) consisting of 17,500,000 (seventeen million, five hundred thousand) Shares, at Nominal Value per Share, all of which are ordinary cash Shares.

The Founding Shareholders have subscribed to 12,250,000 (twelve million, two hundred fifty thousand) Shares and paid their value in full. The amount has been deposited in the Company's account with Arab National Bank and the remaining share capital amounting to SAR 52,500,000 (fifty two million, five hundred thousand Saudi Riyals), divided into 5,250,000 (five million, two hundred fifty thousand) Shares, will be offered for public subscription.

After confirming the economic feasibility and obtaining the approval of the competent authorities, the Extraordinary General Assembly may resolve to increase the Company's capital once or several times by issuing new shares with the same nominal value as the original shares, provided that the original capital has been paid in full, with due consideration to the requirements of the Insurance Law, its Implementing Regulations, the Companies Regulations and the CMA regulations. The said resolution shall specify the manner of increasing the capital and the original Shareholders shall have pre-emptive rights to subscribe for the new cash Shares. The said new shares shall be allocated to the original Shareholders who have expressed their desire to subscribe thereto, pro rata to the original Shares owned by them, provided that the number of shares allocated to them shall not exceed the number of new shares they have applied for. The remaining new shares shall be allocated to the original Shareholders who applied for more shares than they originally held, provided that the number of shares allocated to them shall not exceed the number of new shares they have applied for. Any remaining new shares shall be offered for public subscription.

By virtue of a resolution from the Extraordinary General Assembly, the Company may reduce its capital if it proves to be in excess of the Company's needs, all based on acceptable justifications and subject to the approval of the Minister of Commerce and Industry, SAMA and the CMA. Such resolution shall only be issued based on the auditor's report on the reasons calling for such reduction, the obligations of the Company and the effect of the reduction on such obligations, all subject to the stipulations of the Companies Regulations. The resolution shall provide for the manner in which the reduction shall be made. If the reduction of the capital is due to being in excess of the Company's needs, then the Company's creditors must be invited to express their objection thereto within 60 (sixty) days from the date of publication of the resolution reducing the capital in a daily newspaper published in the city where the Company's head office is located. Should any creditor object and submit to the Company evidentiary documents of such debt within the time limit set above, then the Company shall pay such debt, if already due, or present an adequate guarantee of payment if the debt is due on a later date.

13.2 Shares & Restrictions

The Company's shares shall be nominal shares and may not be issued at less than their nominal value. However, Shares may be issued at a value higher than their nominal value, provided that the difference in value shall be added to the statutory reserve of the Company, even if the reserve has reached its maximum limit. A Share shall be indivisible in the event that it is owned by several persons, unless they select one of them to exercise, on their behalf, the rights pertaining to the Share, in which case they shall be jointly responsible for the obligations arising from the ownership of the Share. The transfer of Shares shall be governed by the regulations governing companies listed on Tadawul. Transfers made other than in accordance with such regulations shall be void.

Trading in Shares shall be governed by the regulations and laws applicable to companies listed on Tadawul and any trading that does not comply with such regulations shall be deemed as void. According to Article (38) of the Implementing Regulations of the Insurance Law, the Company shall notify SAMA of the percentage of ownership of any person who owns 5% or more of the Company through a quarterly report. Any natural or corporate person owning 5% or more of the Company's shares shall notify SAMA in writing of his percentage of ownership and any changes thereof within 5 (five) Business Days of the date of occurrence of such event.

The Founding Shareholders shall not dispose of their Shares before the publication of the financial statements for three full Fiscal Years, each consisting of not less than 12 months as of the Company's date of incorporation. After expiry of the Statutory Lock-in Period, the Founding Shareholders must obtain CMA and SAMA's approvals prior to selling any Shares. The said restriction shall apply to the Shares subscribed to by the Founding Shareholders in case of capital increase before the expiry of the Statutory Lock-in Period. The Founding Shareholders have agreed, pursuant to the Shareholders Agreement (the details of which are listed in section 15.6 "Material Contracts") to a 5 (five) year Lock-in Period from the date of the Company's incorporation.

13.3 Voting Rights

Each Shareholder owning at least 20 (twenty) Shares shall have the right to attend the Shareholders' General Assemblies, whether in person or by proxy and each Shareholder may authorize in writing another Shareholder, other than the Directors or the Company employees, to attend the Shareholders' General Assembly on his/her behalf. Votes at the meetings of Ordinary and Extraordinary General Assemblies shall be calculated on the basis of one vote for each share represented at the meeting.

Resolutions of the Constituent and Ordinary General Assembly shall be adopted by an absolute majority of the Shares represented thereat. Resolutions of the Extraordinary General Assembly shall be adopted by a majority vote of two-thirds of the Shares represented at the meeting. However, if the resolution to be adopted is related to increasing or reducing the capital, extending the Company's term, dissolving the Company prior to the expiry of its term specified under the Company's By-laws, or merging the Company with another company or organization (following the approval of SAMA), then such resolution shall be valid only if adopted by a majority of three-quarters of the Shares represented at the meeting.

Each Shareholder shall have the right to discuss the items listed in the General Assembly's agenda and to direct questions to the Directors and the auditor in this respect. The Board of Directors or the auditor shall answer the Shareholders' questions to the extent that it does not jeopardize the interests of the Company. Should a Shareholder consider the reply unsatisfactory, he can resort to the General Assembly whose resolution shall be deemed final.

13.4 Shareholders' General Assembly

A General Assembly duly convened represents all the Shareholders and shall be held in the city where the Company's head office is located.

The Shareholders' General Assemblies are either ordinary or extraordinary. Except for matters reserved for the Extraordinary General Assembly, the Ordinary General Assembly shall be in charge of all matters concerning the Company. The Ordinary General Assembly shall be convened at least once a year, within 6 (six) months following the end of the Company's Fiscal Year. Additional Ordinary General Assembly meetings may be convened whenever needed.

The Extraordinary General Assembly shall have the power to amend the Company's Bylaws, except for provisions impermissible to be amended by law. Furthermore, the Extraordinary General Assembly may pass resolutions on matters falling within the competence of the Ordinary General Assembly under the same terms and conditions applicable to the latter.

A notice of the minutes of meeting of the general assembly shall be published in the Official Gazette and in a daily newspaper circulated in the city where the Company's head office is located at least 25 (twenty-five) days prior to the date set for such meeting. Invitation to attend the general assembly meeting with the specified date will be addressed via registered letters to the Shareholders, with a copy of the invitation to the meeting and the agenda to be sent to the competent authorities during the period specified for publishing.

The meeting of the Ordinary General Assembly shall not have a quorum unless attended by Shareholders representing at least 50% of the Company's capital. If such quorum cannot be attained at the first meeting, a second meeting shall be convened within the following 30 (thirty) days of the previous meeting. Such notice for the meeting shall be published in the same manner described in Article (88) of the Companies Regulations. The second meeting shall be considered valid irrespective of the number of Shares represented.

As for the Extraordinary General Assembly meeting, it shall not be deemed valid unless attended by Shareholders representing at least 50% of the Company's capital. If such quorum is not met in the first meeting, a second meeting shall be convened within the following 30 (thirty) days of the previous meeting. The second meeting shall be considered valid if attended by a number of Shareholders representing at least one-quarter of the Company's capital.

The general assembly shall be presided over by the Chairman of the Board of Directors or the Director designated by him, in his absence. The general assembly shall appoint a secretary for the meeting and a vote counter. Minutes shall be prepared for the meeting showing the names of the Shareholders present in person or by proxy, the number of the Shares held by each in person or by proxy, the number of votes attached to such Shares, the resolutions adopted at the meeting, the number of votes assenting or dissenting to such resolutions and a comprehensive summary of the discussions that took place at the meeting. Such minutes shall be regularly recorded after each meeting in a special register to be signed by the Chairman of the assembly, the secretary and the vote counter.

13.5 Company's Term

The duration of the Company shall be 99 (ninety-nine) Gregorian years commencing on the date of issuance of the Minister of Commerce and Industry's Resolution declaring its incorporation. The term of the Company may be extended by a resolution adopted by the Extraordinary General Assembly at least one year before the expiration of the Company's term after obtaining the approval of SAMA and the CMA.

13.6 Company's Dissolution

Upon the expiry of the Company's term, or its dissolution prior to the time set for the expiry thereof, the Extraordinary General Assembly shall, based on a proposal by the Board of Directors, decide the method of liquidation, appoint one or more liquidators and specify their powers and fees.

The powers of the Board of Directors shall cease upon the Company's dissolution. However, the Board of Directors shall remain responsible for managing the Company until the liquidator(s) is/are appointed. The Company's administrative departments shall maintain their powers to the extent that they do not interfere with the powers of the liquidators.

The liquidation procedures shall preserve the rights of members to the surplus resulting from insurance operations and the reserves withheld pursuant to the provisions of the Bylaws.

14. SUMMARY OF THE COMPANY'S BYLAWS

The Company's Bylaws contain the provisions set forth below. This summary shall not be entirely relied upon instead of the comprehensive Bylaws, which can be inspected at the Company's head office.

14.1 Name of Company

American International Group Arab National Bank for Cooperative Insurance Company. The Founding Shareholders shall submit a proposal to all the Shareholders during the Constituent General Assembly to change the name of the Company to "MetLife American International Group and Arab National Bank for Cooperative Insurance" and the Shareholders shall vote thereon.

14.2 Objectives of the Company

The objective of the Company is to engage in cooperative insurance operations and all related activities, such as reinsurance, agencies, representations, correspondence and brokerage, all in accordance with the provisions of the Law on the Supervision of Cooperative Insurance Companies, its Implementing Regulations and the rules and regulations in force in the Kingdom.

The Company may undertake all activities as may be required for achieving its objectives whether in respect of insurance or to investing its funds or to own, dispose of, transfer, lease or replace moveable and fixed assets whether directly or indirectly through companies to be established by the Company or acquired by it or in participating in other entities.

The Company may own or have an interest in or participate in any way with any other entity undertaking similar activities or other financial activities which may help the Company achieve its objectives or merge with those entities or acquire them. The Company shall carry out the activities mentioned above inside the Kingdom and abroad.

14.3 The Company's Head Office

The Company's head office is located in Munajam Tower on King Fahad Road in the city of Riyadh.

14.4 Term of the Company

The term of the Company shall be 99 (ninety nine) Gregorian years, commencing on the date of issuance of the Ministerial resolution of the Ministry of Commerce and Industry declaring its incorporation. The term of the Company may be extended by a resolution adopted by the Extraordinary General Assembly at least one year prior to the expiration of the term of the Company.

14.5 Share Capital

The share capital of the Company is SAR 175,000,000 (one hundred seventy five million Saudi Riyals), divided into 17,500,000 (seventeen million, five hundred thousand) equal Shares, each with a nominal value of SAR 10 (ten Saudi Riyals).

14.6 Initial Public Offering

The Founding Shareholders of the Company have subscribed to 12,250,000 (twelve million, two hundred fifty thousand) of the Shares at the amount of SAR 122,500,000 (one hundred twenty two million, five hundred thousand Saudi Riyals) representing 70% of the total share capital of the Company and have paid the entire value thereof in cash. This amount has been deposited in the Company's account with Arab National Bank. The remaining 5,250,000 (five million, two hundred fifty thousand) Shares at the amount of SAR 52,500,000 (fifty two million, five hundred thousand Saudi Riyals) shall be offered for public subscription. Immediately following the Offering, the Shares shall be complete and amount to 17,500,000 (seventeen million, five hundred thousand) Shares.

14.7 Decrease of Share Capital

The Extraordinary General Assembly may, after obtaining the approval of the competent authorities, resolve to decrease the Company's capital if it proves to be in excess of the Company's needs or if the Company sustains losses. Such resolution may only be passed after the preparation of a report by the Company's auditor's setting out the reasons calling for such reduction, the liabilities of the Company and the effect of such reduction on such liabilities. The resolution shall provide for the manner in which the reduction shall be made. If the reduction of the capital is due to the reduced amount being

in excess of the Company's needs, then the Company's creditors must be invited to express their objection thereto within 60 (sixty) days from the date of publication of the resolution relating to the reduction in a daily newspaper published in the city where the Company's head office is located. If any creditor objects to the reduction in the capital of the Company and presents to the Company documentary evidence of his debt within the time limit set above, the Company must settle such debt if it is due, or provide adequate guarantee of payment if the debt is due on a later date.

14.8 Board of Directors Shares

Each Director shall provide the Company (upon his election) with a guaranty equivalent to no less than 5,000 (five thousand) Shares against any contracts arising between him and the Company, which have been approved by the Ordinary General Assembly. Such right of attachment shall include dividends due on the attached Shares.

14.9 Sale of Qualification Shares

The Board of Directors, when exercising the attachment right in respect of a Directors' Shares presented as a guarantee against any contracts arising between them and the Company, shall have the right, after obtaining the approval of the competent authorities, to sell such Shares provided that the debt owed by the Director is due and that two written notices are sent by registered mail requesting the Director to settle his debt within two weeks. If the Director refuses to pay, the Board of Directors may sell his Shares through the Tadawul system. The proceeds of the Share sale shall be set off against all debts and liabilities owed to the Company. Any remaining balance shall be reimbursed to the Shareholder, his guardian or heirs.

14.10 Board of Directors

The Company shall be managed by a Board of Directors consisting of 11 (eleven) members appointed by the Ordinary General Assembly for a term not exceeding three years. Such appointment shall not affect any legal entity's right to replace its representative at the level of the Board. As an exception to the foregoing, the constituent general assembly shall appoint the first Board for a term of 3 (three) years starting from the date of the Company's incorporation as declared by the Ministerial resolution. The Board of Directors is composed of 4 (four) members representing ALICO, 2 (two) members representing ANB, 1 (one) member representing CHARTIS and 4 (four) independent members appointed by the General Assembly. Such appointment shall not prejudice the right of a corporate entity to replace its representative at the level of the Board.

14.11 Technical Services Management

After obtaining SAMAs approval, the Company shall enter into a technical services agreement with one or more companies qualified in the insurance field for a term of 5 (five) years, renewable for such term or terms as determined by the Board of Directors.

14.12 End of Board Membership

Membership of the Board shall end upon the expiry of its term, resignation, death, dismissal or deprivation of the member of his rights in accordance with any applicable laws or regulations or as may be resolved by the general assembly.

14.13 Board Vacancies

If a seat of a Director becomes vacant, the Board may appoint a member to fill the vacancy, provided that such appointment is presented in the next Ordinary General Assembly. The new member appointed to fill the vacancy shall only extend to the remaining term of his predecessor. If the number of the Directors falls below the quorum needed for the validity of its meetings, the Ordinary General Assembly must be convened as soon as possible to appoint the required number of Directors.

14.14 Board Authorities

Without prejudice to the powers reserved for the general assembly, the Board shall have the widest powers to manage the Company's affairs and businesses inside the Kingdom and abroad. The Board may, within the limits of its authority, delegate to one or more of its members or to non-members the power of performing a specific act(s) or task(s). The authorities of the Board include, but are not limited to, representing the Company in its relationship with others and before judicial bodies, all Sharia courts, notary publics, the Board of Grievances, the labour offices, first degree and appeal committees, negotiable instruments committee, all other judicial committees, arbitral tribunals, civil committees, police

departments, chambers of commerce and industry, all companies and establishments, commercial banks, financing institutions and all government funds and institutions, regardless of their titles and authorities and any other lenders. The Board shall have the authority to raise, defend, plead, settle, acknowledge and arbitrate; seek and challenge enforcement of judgments, receive judgment execution proceeds, release the Company's debtors from their obligations, enter into tenders, sell, buy and mortgage real-estate. The Board shall also have the authority to sign and execute on behalf of the Company, all agreements, certificates and instruments including but not limited to the articles of incorporation in which the Company shall participate and to amend the same, as well as any other contracts, deeds and declarations, before public notaries or other official bodies; to sign loan agreements, guarantees, mortgages and sale and purchase contracts for real-estate and to issue powers of attorney on behalf of the Company; to buy, sell, make and accept transfers, receive, deliver, rent, lease, collect and make payments, to open bank and credit accounts and to withdraw and deposit from the same; to issue guarantees to banks, financial institutions and governmental financial institutions; to issue and sign on all instruments, cheques and all negotiable instruments and all banking transactions.

14.15 Board Remuneration

The remuneration of the Board shall be for the services provided by it in addition to the attendance of the Board and committee meetings by the Directors in accordance with the Companies Regulations or any other complimentary regulations, resolutions or instructions. In any event, the remuneration of the Chairman and the Directors may not exceed 5% of the net profits, provided that all the written details of such proposed remunerations be provided to all the Shareholders prior to the general assembly in which such compensations and remunerations shall be voted on.

The remuneration of the Chairman of the Board for performing his duties shall be SAR 180,000 (one hundred eighty thousand Saudi Riyals) per annum. The remuneration for each Director for performing their respective duties shall be SAR 120,000 (one hundred twenty thousand Saudi Riyals) per annum.

The Chairman and each Director shall be paid SAR 3,000 (three thousand Saudi Riyals) for attending each Board meeting and an amount of SAR 1,500 (one thousand five hundred Saudi Riyals) for attending each meeting of the Board's sub committees. The Company shall also pay the Chairman and Directors all actual expenses they incur to attend meetings of the Board or the executive committees of the Board, including travel and accommodation expenses. In addition, the Company shall ensure that the Shareholders' general assembly approves the terms of the remunerations and compensations in an Ordinary General Assembly in which the relevant Director or the senior executive shall not be entitled to exercise his voting rights.

The remunerations of the Directors may be amended by the Extraordinary General Assembly. The Board's report to the Ordinary General Assembly shall include full details of all the remunerations, compensations, attendance allowances and other expenses and reimbursements paid to the Directors during the past Fiscal Year. The said report shall also include details of all remuneration received by the Directors in their capacities as members of the executive committee or as employees or officers forming part of the management or for technical, administrative and consultancy services.

14.16 Chairman and Managing Director

The Board of Directors shall appoint one of its members as Chairman and the Board shall appoint a Managing Director for the Company from the members of the Board. The Chairman and the Managing Director shall severally or jointly have the power to represent the Company before judicial bodies and with third parties. The Chairman and the Managing Director individually, shall have the authority to sign on behalf of the Company, implement the Board resolutions and delegate their duties to others. The Managing Director shall be responsible for the executive management of the Company. The Board of Directors shall define the salaries, remuneration and bonuses of the Chairman and the Managing Director, pursuant to the provisions of Article (17) of the Bylaws.

14.17 Audit Committee

The Board of Directors shall form an audit committee consisting of a minimum of 3 (three) members and a maximum of 5 (five) members who are non-executive managers with a majority of non-Directors as the SAMA, the Ministry of Commerce and Industry and the CMA may decide in this regard.

14.18 Executive Committee

The Board of Directors shall form an executive committee constituted of a minimum of 3 (three) members and a maximum of 5 (five) members. The members of the executive committee shall choose amongst themselves a chairman and in case of his absence, the Committee will also choose a temporary chairman amongst its members who are

present. Members of the Committee may delegate another member to vote on their behalf for only three meetings. The mandate of the members of the committee is the same mandate of the Board of Directors. The Board of Directors may fill in any vacancies in the executive committee.

In accordance with any instructions issued by SAMA or by the Board of Directors, the executive committee shall assume all powers vested therein by SAMA or the Board of Directors. The executive committee shall assist the Managing Director within its designated powers.

The executive committee's meeting shall not be valid unless attended by at least two of its members, in person or by proxy, as long as the number of members present in person is not less than two. The decisions of the executive committee shall be taken by unanimity and in case of disagreement, the decisions shall be taken by the majority of three quarters of the members present in person or by proxy. The executive committee shall convene from time to time whenever its chairman deems necessary. However, it shall hold at least 6 (six) meetings annually. An executive committee meeting may be convened at any time upon the request of at least two members. The approval of such meeting shall be issued in writing by two members of the executive committee.

14.19 Board Meetings

The Board of Directors shall meet in the Company's head office upon convocation by its Chairman and whenever it is requested by 2 (two) of its members. The convocation shall be documented in a manner deemed appropriate by the Board. Board meetings may be held outside the head office, provided that the Board shall meet at least 4 (four) times during each Fiscal Year and provided that the interval between the meetings does not exceed 4 (four) months.

14.20 Quorum & Representation

The Board meeting shall not be valid unless attended by two-thirds of its members, in person or by proxy, provided that the number of members attending in person is not less than 4 (four) members. Subject to the provisions of Article (15) of the Bylaws, a Director may appoint other Directors to attend the meeting on his behalf, provided that such delegated Director does not represent more than one Director in the meeting and that said delegation is evidenced in writing. Moreover, the delegated Director may not vote on resolutions that he is prohibited to vote on pursuant to the Bylaws.

14.21 Board Resolutions

The Board resolutions shall be issued unanimously. In case of disagreement, these resolutions shall be issued by at least a two third majority votes of the members present in person or by proxy. The Board may issue resolutions through votes – by passing – amongst its members, unless a member requests in writing that a meeting should be held to deliberate on the resolutions, in which case the resolutions shall be presented to the Board of Directors in the following meeting.

Any Director who has personal interest, whether directly or indirectly, in a matter or proposal set forth to the Board or the executive committee must advise the Board or the committee of the nature of such interest in the proposed matter and shall have to, without dismissing him from the quorum required for the validity of the meeting refrain from taking part in the deliberations and voting in the Board or the executive committee in relation to that matter or proposal.

Directors shall not enter into insurance agreements with the Company in which they have interest except after obtaining the approval of SAMA.

14.22 Board Secretary

The Board of Directors shall appoint a Board secretary. The Board may also appoint one or more advisor(s) for the different affairs of the Company and specify their remuneration.

14.23 Liability

Each of the Chairman of the Company's Board of Directors and the members of the Board of Directors shall be liable, within the limits of their respective powers and mandates for the breach of the provisions of the Bylaws.

14.24 Shareholders' General Assemblies

The General Assembly, which is duly formed represents all the Shareholders and shall be held in the city where the head office of the Company is located. Each Shareholder owning at least 20 (twenty) Shares shall have the right to attend the Ordinary or Extraordinary General Assembly meetings and each Shareholder may authorize another Shareholder, other than the members of the Board of Directors to attend the Shareholders' General Assembly meetings on his/her behalf.

The Constituent Assembly, which will be held as soon as practicable no later than one month after the Offering, shall undertake the following duties:

1. Confirm the full subscription to the capital;
2. Draw up the final provisions of the Company's Bylaws; however, no fundamental amendments may be introduced by the assembly to the Bylaws presented thereto except with the approval of all Subscribers represented thereat;
3. Appoint the members of the first Board of Directors;
4. Appoint the Company's auditors and fix their remunerations; and
5. Deliberate on the Founding Shareholders' report on the acts and expenses that were incurred during the incorporation of the Company.

14.25 Quorum of Ordinary General Assembly

A meeting of the Ordinary General Assembly shall not be considered valid unless attended by Shareholders representing a minimum of 50% of the Company's capital. If such quorum cannot be attained at the first meeting, a second meeting shall be convoked within 30 (thirty) days following the date of the first meeting. The second meeting shall be deemed valid irrespective of the number of Shares represented therein. Such notice shall be published in the manner prescribed in Article (88) of the Companies Regulations.

14.26 Quorum of Extraordinary General Assembly

A meeting of the Extraordinary General Assembly shall not be considered valid unless attended by Shareholders representing a minimum of 50% of the Company's capital. If such quorum cannot be attained at the first meeting, a second meeting shall be convened within 30 (thirty) days of the date of the first meeting. The second meeting shall be valid if attended by a number of Shareholders representing one-quarter of the Company's capital.

14.27 Voting on Resolutions – One Vote per Share

Resolutions of the constituent assembly and Ordinary General Assembly shall be adopted by an absolute majority vote of the Shares represented thereat. However, if a resolution relates to valuing in kind or preferential shares, a majority of the cash shares are required such that they represent at least two thirds of the mentioned shares after discounting the shares subscribed to by those given in kind shares or those benefiting from preferential shares. Such subscribers shall not have a vote in these resolutions, even if they also own cash shares. Resolutions of the Extraordinary General Assembly shall be adopted by a majority vote of two thirds of the Shares represented at the meeting. However, if the resolution to be adopted is related to increasing or reducing the capital, extending the Company's term, dissolving the Company prior to the expiry of the period specified therefore in its Bylaws or merging the Company with another company or institution, then such resolution shall be valid only if adopted by a majority of three-quarters of the Shares represented at the meeting.

14.28 Auditor

The general assembly shall appoint 2 (two) auditors annually from among the auditors licensed to work in the Kingdom. The auditors' remuneration shall be fixed by the general assembly. The general assembly may further reappoint the same auditors.

The auditor must submit a report to the annual Ordinary General Assembly setting forth the opinion of the Company's management in enabling him to obtain the information and clarifications requested by him, any violations he may reveal of the Insurance Law, the Company's Bylaws and his opinion as to the extent in which the Company's accounts are in conformity with the facts.

14.29 Fiscal Year

The Fiscal Year of the Company shall start on January 1 and end on December 31 of the same year. However, the first Fiscal Year of the Company shall commence on the date of the ministerial resolution declaring its incorporation and shall end on December 31 of the following year.

14.30 Annual Accounts

The Board shall prepare at the end of each Fiscal Year an inventory of the value of the Company's assets and liabilities at that date. The Board shall also prepare the Company's financial statements and a report on the Company's activities and financial position for the preceding year. The report shall include the method proposed by the Board for the distribution of net profits within a period not exceeding 40 (forty) days after the end of the annual financial period to which they relate. The Board of Directors shall place such documents at the disposition of the auditor at least 55 (fifty-five) days prior to the date set for convening the Ordinary General Assembly. The Chairman of the Board shall sign the said documents and they shall be placed at the disposition of the Shareholders in the Company's head office at least 25 (twenty-five) days prior to the date set for the Ordinary General Assembly. The Chairman of the Board of Directors shall publish in a daily newspaper circulated in the city where the head office of the Company is located, the financial statements and a comprehensive summary of the Board of Directors' report and the full text of the auditors' Report and shall send a copy of such documents to the Companies Department and the CMA at least 25 (twenty-five) days prior to the date set for convening the Ordinary General Assembly.

14.31 Insurance Accounts

The insurance operations accounts shall be kept separate from the Shareholders' income statement, according to the following details:

1. **Insurance Operations Accounts:**
 - a. An independent account shall be dedicated to earned Premiums, reinsurance commissions and other commissions;
 - b. An independent account shall be dedicated to compensation incurred by the Company;
 - c. At the end of every year, the total surplus which represents the difference between total Premiums and compensation minus the marketing, administrative and operational expenses and the necessary technical provisions in accordance with the directives in this regard shall be determined;
 - d. Net surplus shall be determined by: adding to, or subtracting from, the total surplus in paragraph (c) above, the policyholders' investment return share after calculating the policyholders' earnings and deducting what they owe in expenses realized; and
 - e. Net surplus shall be distributed as follows: either 10% directly to the policyholders or reducing their Premiums for the following year and carrying over the balance to the Shareholders' income statement.
2. **Shareholders' Income Statement:**
 - a. The Shareholders' profits from their funds investment shall be in accordance with the rules set by the Board of Directors.
 - b. The share of the Shareholders in the net surplus shall be as set forth in paragraph (1- d & e) above.

14.32 Distribution of Profits

The Shareholder's profits shall be distributed as follows:

1. Zakat and income tax allocations are to be held.
2. 20% of the net profits shall be withheld to form a statutory reserve. The Ordinary General Assembly may discontinue this withholding of the net profits when the said reserve reaches the entire paid-up capital.
3. The Ordinary General Assembly may, upon request of the Board of Directors, withhold an additional percentage of the annual net profits to form an additional reserve to be allocated for the purpose or specific purposes decided by the Ordinary General Assembly.
4. The balance shall be paid to the Shareholders as an initial payment of not less than 5% of the paid-up capital.
5. The balance shall be distributed among the Shareholders as a share in the profits or transferred to retained earnings account.
6. By resolution of the Board of Directors, periodic profits, deducted from the annual profits specified in subsection 4 above, may be distributed in accordance with applicable rules and regulations issued by competent authorities.

14.33 Company Losses

If the total of the Company's losses amount to three-quarters of its capital, the Directors shall call the Extraordinary General Assembly for a meeting to consider whether the Company shall continue to exist or dissolve prior to the expiry of its period. In all cases, the assembly's resolution shall be published in the Official Gazette.

14.34 Dissolution and Winding up of the Company

If the Company's term expires or a resolution is issued on its dissolution prior to the time set for the expiry of such duration, the Extraordinary General Assembly shall, based on a proposal by the Board of Directors, decide the method of liquidation, appoint one or more liquidator(s) and specify their powers and remuneration. The powers of the Board of Directors shall cease upon the expiration of the Company. However, the Board shall continue the management of the Company until the liquidators are appointed. The Company's administrative departments shall retain their respective powers to the extent that they do not conflict with the powers of the liquidators.

14.35 Final Provisions

The provisions of the Insurance Law and its Implementing Regulations, the Companies Regulations and the Capital Market Law and its implementing regulations shall apply to all matters not provided for in the Company's Bylaws.

15. LEGAL INFORMATION

15.1 Subscription to Shares

Shareholders ownership structure:

Shareholders	Nationality	Number of Shares	Value (SAR)	Direct ownership percentage	Indirect ownership percentage	Total ownership
American Life Insurance Company	American	5.250.000	52.500.000	30%	-	30%
Chartis Mems Holding	American	1.750.000	17.500.000	10%	-	10%
Arab National Bank	Saudi	5.240.000	52.400.000	29.94%*	-	29.94%
Abdullatif bin Hamad Mohamed Al-Jabr	Saudi	5.000	50.000	0.03%	0.584%**	0.614%
Salah Rashed Abdulrahman Al-Rashed	Saudi	5.000	50.000	0.03%	0.578%**	0.608%
Total subscription by Shareholders		12.250.000	122.500.000	70%		
Total to be subscribed by the public		5.250.000	52.500.000	30%		
The total		17.500.000	175.000.000	100%		

* It is worth mentioning that pursuant to the Shareholders Agreement (see section 15.6 "Material Contracts"), the Founding Shareholders agreed that Abdullatif Bin Hamad Mohamed Al-Jabr and Salah Rashed Abdulrahman Al-Rashed will each subscribe to 5,000 (five thousand) Shares (amounting to ten thousand Shares) on behalf of Arab National Bank, given the minimum number of shareholders required to establish a joint stock company in accordance with the Companies Regulations. Arab National Bank will be the beneficial owner of the Shares registered in their names and undertakes to re-acquire these Shares as soon as practicable after completion of the IPO, expiration of the Statutory Lock-in Period and after obtaining the prior written approval of SAMA and the CMA.

** Indirect ownership through ANB

15.2 Incorporation Details

Pursuant to the Companies Law and the Insurance Law and its Implementing Regulations issued on 08/11/1426H (corresponding to 10/12/2005G) the Company's incorporation does not take effect unless its capital is fully subscribed to.

Accordingly, the Founding Shareholders will convene, following the allocation of Shares on the selected Subscribers, the Constituent General Assembly meeting pursuant to the Company's Bylaws within at least 15 (fifteen) days of publishing the notice for the meeting in the local newspapers. Each Subscriber who has been allocated Shares shall have the right to attend the Constituent General Assembly meeting, irrespective of the number of Shares held by him. The meeting of the Constituent General Assembly shall have a quorum of Shareholders holding at least 50% of the Company's capital. If such quorum cannot be attained at the first meeting, a second meeting shall be convened within at least 15 (fifteen) days of sending the second notice. The second meeting shall be deemed valid irrespective of the number of Shares represented.

The Founding Shareholders shall, within 15 (fifteen) days from the date on which the Constituent General Assembly convened submit a request to the Minister of Commerce and Industry to declare the incorporation of the Company, which shall be deemed duly incorporated as a public joint stock company as of the date of issuance of the Ministerial Resolution in this respect.

The Ministerial Resolution shall be published in the Official Gazette at the Company's expense within 15 (fifteen) days of the issuance of the Ministerial Resolution. The Directors shall then submit a request to the general directorate of Companies at the Ministry of Commerce and Industry to register the Company.

The Company shall, after its incorporation and the issuance of its commercial registration certificate submit a request to the CMA to register and list its shares in the Official List pursuant to the Capital Markets Law and its implementing regulations.

15.3 Licenses

Pursuant to the Insurance Law and its Implementing Regulations, no insurance and reinsurance company may be incorporated in the Kingdom except by virtue of a license issued by a Royal Decree following the resolution of the Council of Ministers and the proposal of the Minister of Commerce and Industry. Indeed, the Company was licensed to exercise insurance and reinsurance business pursuant to Royal Decree (M/22) issued on 15/04/1431H (corresponding to 31/03/2010G) and Council of Ministers' Resolution No. (119) issued on 13/04/1431H (corresponding to 29/03/2010G).

15.4 Subsidiaries

Up to the date of this prospectus, the Company has no subsidiaries inside the Kingdom or abroad.

15.5 Related Party Agreements

The contracts and agreements entered into by the Company to date with related parties are restricted to the agreements stated in section 15.6 ("Material Contracts") which will be executed with each of the Founding Shareholders mentioned in the said agreements. Consequently, the said agreements shall be submitted for voting and approval by the Constituent General Assembly after finalizing the incorporation procedures.

It is likely that the Company will execute, after its incorporation other contracts with related parties. Upon the execution of such contracts, the Company is committed to ensuring that all transactions shall be conducted on arm's length and a fair competitive and commercial basis to preserve the rights of Shareholders and that the said contracts will be subject to voting by the Company's general assembly without the participation of the Shareholders who have an interest in the said contracts.

The Company, its Directors and its Founding Shareholders confirm their compliance with the provisions of Articles (69) and (70) of the Companies Regulations and Article (18) of the Corporate Governance Regulation.

15.6 Material Contracts

15.6.1 Shareholders Agreement

The Founding Shareholders, namely ALICO, CHARTIS and ANB shall execute, after approval of the CMA of the IPO and completion of the Company's formation formalities, a shareholders agreement governing the relationship amongst them with respect to the Company. This agreement shall be entered into by the Company after its incorporation and shall be voted upon in the General Assembly.

The main contractual provisions are as follows:

1. Founding Shareholders Ownership Percentage:

After the Company's incorporation, the ownership percentage of each of the Founding Shareholders shall be as follows:

1. ALICO owns 30% of the Company's capital, which equals SAR 52,500,000 (fifty two million, five hundred thousand Saudi Riyals).
2. ANB owns 30% of the Company's capital, which equals SAR 52,500,000 (fifty two million, five hundred thousand Saudi Riyals).
3. CHARTIS owns 10% of the Company's capital, which equals SAR 17,500,000 (seventeen million, five hundred thousand Saudi Riyals).

Abdullatif Bin Hamad Mohamed Al-Jabr and Salah Rashed Abdulrahman Al-Rashed will each subscribe to 5,000 (five thousand) Shares (amounting to ten thousand Shares) on behalf of Arab National Bank, given the minimum number of shareholders required to establish a joint stock company in accordance with the Companies Regulations, whereby Arab National Bank will be the beneficial owner of the Shares registered in their names and it undertakes to re-acquire these Shares as soon as practicable after completion of the IPO, expiration of the Statutory Lock-in Period and after obtaining the prior written approval of SAMA and the CMA.

The remaining 30% of the Company's capital will be offered to the investors in the Kingdom. After the approval of the CMA, the Founding Shareholders shall offer 5,250,000 (five million, two hundred fifty thousand) Shares, which equals SAR 52,500,000 (fifty two million, five hundred thousand Saudi Riyals) to the investors and the Company's Shares shall be listed on Tadawul.

2. Key Parties' Responsibilities:

- Arab National Bank shall be responsible for all affairs related to the Company's incorporation and initial public offering of part of the Company's shares.
- American Life Insurance Company and Chartis Memsa Holdings shall be responsible for all issues related to the commencement of the Company's business and insurance operations.

3. **Company Management:**

The Company is managed by a Board of Directors consisting of 11 (eleven) members for a term of 3 (three) years appointed by Arab National Bank, American Life Insurance Company and Chartis Memsah Holdings, in addition to the independent members as follows:

- American Life Insurance Company appoints 4 (four) Directors.
- Chartis Memsah Holdings appoints 1 (one) Director.
- Arab National Bank appoints 2 (two) Directors.
- 4 (four) members to act as independent Directors.

The Board of Directors shall elect a Chairman from amongst its members based on the unanimous recommendation of all Directors appointed by American Life Insurance Company and Chartis Memsah Holdings for a term of 3 (three) years. The resolutions at the level of the Board shall be adopted by the majority of two thirds of the Directors.

The Board of Directors shall appoint a Managing Director from amongst the members appointed by American Life Insurance Company, to be responsible for the day-to-day management of the Company, in addition to the financial manager and several members of the executive management.

The Board of Directors shall form an executive committee composed of 5 (five) members, two of which are appointed by American Life Insurance Company, one by Chartis Memsah Holdings and two by Arab National Bank.

The Board shall appoint an audit committee consisting of 5 (five) members, ALICO, CHARTIS and ANB shall each appoint one member in addition to an independent Board member and a professional accountant that is independent from the Founding Shareholders.

The Board shall also appoint a nomination and remuneration committee consisting of 3 (three) members, ALICO, CHARTIS and ANB shall each appoint one member.

4. **Lock-in Period and Pre-emptive Rights:**

The Founding Shareholders agreed under the Shareholders Agreement to a contractual "Lock-In Period" extending to 5 (five) years as of date of the Company's incorporation, during which no Founding Shareholder may assign his/her Shares to other than a permitted transferee or another Founding Shareholder.

If any party desires to sell his Shares in the Company to another company non-affiliated to the Founding Shareholders, that party must inform the other Founding Shareholders who have the preemptive right to acquire the respective Shares and obtain the prior approval of the CMA and SAMA.

In addition Abdullatif Bin Hamad Mohamed Al-Jabr and Salah Rashed Abdulrahman Al-Rashed will each subscribe to 5,000 (five thousand) Shares on behalf of ANB. Such Shares shall be transferred back to ANB upon the expiration of the Statutory Lock-in Period and after obtaining the prior written approval of SAMA and the CMA.

5. **Option to Purchase & Option to Sell:**

In case of any fundamental breach by any party, bankruptcy of any party or in the case that the controlling Shareholder has changed in any of the parties and another direct competitor to the Company or an inappropriate person has replaced him, the other Founding Shareholders may acquire the respective party's Shares.

In the event a Founding Shareholder decided to sell all his Shares to non-permitted transferee (save for the sale to the public), the other Founding Shareholders shall be entitled to sell their Shares to that same non-permitted transferee under the same price and terms.

6. **The Right of Chartis Memsah Holdings to withdraw from the Company:**

In case the Company breaches its obligations prescribed herein and in the technical services agreement entered into with Chartis Memsah Holdings and in case the technical services agreement is not renewed, Chartis Memsah Holdings shall be entitled to withdraw from the Company and sell its Shares pursuant to the terms prescribed in the Shareholders' agreement after obtaining the prior approval of SAMA and the CMA during the Statutory Lock-in Period.

7. Non-Competition & Technical Support:

The Founding Shareholders undertake not to compete with the activities of the Company directly. During the exercise of its activities, the Company shall rely on the technical services extended by both American Life Insurance Company and Chartis Mems Holdings pursuant of the technical services agreement detailed below.

8. Reinsurance:

The Founding Shareholders agreed in accordance with the Shareholders agreement to give CHARTIS and ALICO the responsibility of managing the reinsurance operations of the Company, whereas CHARTIS and ALICO are the favourite and/or primary suppliers of reinsurance products to the Company based on competitive terms, which take into account the Company's interest.

9. Bearing pre-incorporation Expenses:

The Founding Shareholders agreed that in case the Company was not incorporated within 18 (eighteen) months from the date of the Shareholders agreement, each of them will bear the pre-incorporation expenses pro rata to their ownership percentages in the Company, except when the incorporation does not take place due to an intentional breach by one of the parties, in which case such defaulting party shall bear the expenses alone.

10. Duration of the Agreement:

This agreement shall expire upon the agreement of the Parties or in case the essential regulatory licenses could not be obtained or in case the Company is liquidated.

15.6.2 Technical Services Agreements

The Company will execute after its incorporation two agreements for the provision of technical services with ALICO and CHARTIS. Both ALICO and CHARTIS shall participate in the provision of administrative and technical services, which include:

- Accounting.
- Actuarial Support ²⁹, Research and Development.
- Administration, employees training and qualification.
- Accounts Review and Auditing.
- Claims Division Management and Development.
- Information Technology.
- Investments.
- Managements.
- Marketing and Sales.
- Personnel Customer Service.
- Reinsurance.
- Risk management.
- Compliance with the Regulations.
- Marketing.
- International Business Services through CHARTIS international networks.

In return for the technical services extended to the Company, ALICO and CHARTIS shall each receive annual fees which may not exceed SAR 3,750,000 (three million, seven hundred fifty thousand Saudi Riyals) respectively. Such fees shall be paid in return to the actual services provided yearly which aim at benefitting the Company from the international technical experience of ALICO and CHARTIS. Such support shall increase the Company's competitive abilities in an efficient and economical manner in the first years following its incorporation.

The basic term of each agreement is 5 (five) years as of date of its execution, automatically renewed for a successive period of one year, unless prematurely revoked in accordance with the stipulations prescribed therein. Both of those agreements shall be terminated in the event that ALICO and CHARTIS cease to hold Shares in the Company or in case of a substantial breach by a party and such breach remained without remedy, bankruptcy of a party or a party's activity is suspended by the regulatory authorities.

²⁹ Statistical research to estimate the size of the insurance sector risks, which the compensation can be determined and the appropriate prices with the level of risk can be adopted based on it.

15.6.3 Bancassurance Distribution Agreement

After its incorporation, the Company shall enter into a bancassurance distribution agreement with Arab National Bank, specifically [Arabian Insurance Agency] ("**Agency**"), a limited liability company, subsidiary of Arab National Bank (the "**Bank**") and licensed by SAMA .

This agreement aims to sell and distribute the Company's products in the Kingdom through the distribution network of the Agency and through the Clients' network of the Bank in return for a marketing commission to be paid to the Agency and referral commission to be paid to the Bank, as applicable. The Bank and Agency shall distribute the Company's products exclusively, except in some agreed upon circumstances where the Bank and Agency are allowed to distribute the products of other companies. This agreement shall apply in conjunction with the Shareholders Agreement, unless terminated for reasons provided for in the agreement.

1. Key Parties' Responsibilities:

a. Agency & Bank

The Agency and the Bank shall work together on promoting the Company's insurance products through the Bank's distribution and clients network and by training employees, laying down advanced electronic distribution systems and supplying offices for this purpose. The Bank and the Agency shall work together in cooperation with the Company towards setting a marketing plan for the sale of insurance products in accordance with the principles agreed upon in this agreement. The Bank shall also guarantee the independence of the Agency to maintain its shareholding interests in the Agency (for additional details on the marketing strategy of insurance products see section 4.4. "Company's Strategy").

b. The Company

The Company works on developing insurance products, providing customer service and training employees. The Company shall inform the Agency and the Bank of the extent of conformity of the insurance products with the legal standards and the applicable regulations.

The Company shall provide the Agency and Bank's employees with appropriate training in the fields of marketing, training and sales management (including, reporting, coaching and mentoring), team building, systems operation and financial planning.

2. Confidentiality & Non-Disclosure:

The agreement provides for maintaining confidentiality and non-disclosure to the public any of the matters pertaining to the agreement and to the products without the prior consent of the Company and the Bank.

3. Intellectual Property:

All documents and marketing materials related to the Company's insurance products are the property of the Company. The Agency and the Bank are permitted by the Company to use the latter's trademark and intellectual property rights after obtaining the written approval of the Company in this respect provided that the Company shall remain the owner thereof.

4. Exclusive Distribution:

The Bank and the Agency undertake to distribute the Company's insurance products through their own distribution networks whereby the Company shall be the favorite insurance products supplier for the Bank and the Agency so long as the terms and conditions offered by the Company are substantially similar to those offered for competing products by other insurance companies of reputable standing.

5. Duration of the Agreement:

This Agreement shall terminate by agreement of the Parties or in the event that the Bank ceases to hold Shares in the Agency or a material breach is committed by any of the Parties and such breach remained without remedy.

15.6.4 Trademark Licence Agreement

After its incorporation, the Company shall enter into Trademark License Agreements with MetLife Insurance Company

(and potentially ALICO), CHARTIS and ANB (each, referred to individually as the “**Licensor**”).

- These agreements aim at licensing the Company to use the trademarks owned by the applicable Licensor in the Kingdom, within the scope of the Company’s activities and with regard to the insurance products. The right to use the trademarks is non-exclusive, revocable and non-transferable to third parties.
- The Company shall be entitled to use the trademarks separately or otherwise in conjunction with other trademarks. The Company’s subsidiaries may not use the said trademarks without the prior consent of each Licensor.
- The applicable agreement will be terminated if the Licensor ceases to hold Shares. The agreement shall also terminate in the event of a fundamental breach by one of the parties and such breach remained without remedy, or in the event of the Company’s liquidation.

As a result, the Company will be dependent upon the trademarks of its Founding Shareholders, which may have an adverse effect on it in case one of the Founding Shareholders decides to leave the Company or terminate the license to the Company to use its trademark.

15.6.5 Company’s Head Office Lease Agreement

The Company entered into a lease agreement of the head office of the Company through ANB (one of its Founding Shareholders) with Al Kafaa Real Estate Company, owner of Al Monajem Commercial Tower in the city of Riyadh (the “Tower”), to lease certain office space on floors 11 (eleven) and 12 (twelve) of the Tower comprising an area of 1,355 m2 (one thousand three hundred fifty five square meters). The term of the agreement is 5 (five) Gregorian years and the annual rent amounts to SAR 1,355,000 (one million, three hundred fifty thousand Saudi Riyals) in addition to 10% of the paid rent to cover the general services provided by the tenant such as electricity, water, telephone, necessary maintenance of air-conditioning and cleaning services and security of the shared spaces in the tower. This lease agreement is subject to the laws and regulations of the Kingdom.

It should be noted that the Company plans to open branches in each of the eastern and western provinces after approximately one year from the date of its incorporation. The locations of the future branches have not yet been determined.

The following table shows information relating to the lease agreement of the Company’s head office:

Subject	Lease Agreement
Parties	1- Al Kafaa Real Estate Company (Lessor) 2- The Company (Lessee).
Effective Date	18/06/2012G
Property Description	Al Monajem Commercial Tower on King Fahad road in the city of Riyadh. Office space is 1,355 m2 (one thousand three hundred fifty five square meters)
Term	5 (five) Hijri years from the expiration date of the four-month grace period.
Renewal	The lease may be renewed by mutual written agreement of the parties. Tenant shall notify the landlord in writing of its wish to renew the lease 30 (thirty) days prior to its expiry. Tenant shall acquire possession within 15 (fifteen) days of signing.
Rent	SAR 1,355,000 (one million, thirty hundred fifty five thousand) per year. A 10% charge equaling SAR 135,500 (one hundred thirty five thousand, five hundred) per year, shall be added to the rent to cover the cost of the general services.
Security Deposit	A Security deposit equivalent to 10% of the first year’s rent is required.
Assignment and Subsale	Tenant may not assign or subsale this agreement in whole or in part absent landlord’s written consent.
Use Restrictions	Tenant may not change the activities specified in its Articles of Incorporation prior to the written consent of the landlord.
Termination	<ul style="list-style-type: none"> • If the tenant does not pay any amounts due under this lease and the landlord provides a one-month notice demanding the same, then the landlord is entitled to cease providing its services for three continuous days. If the tenant does not pay at that time, the landlord is entitled to terminate the lease. • If the tenant breaches any term of this lease, the landlord is entitled to terminate and proceed to evict the tenant in accordance with applicable law after having given tenant 30-day notice to cure. • If the tenant does not surrender the premises after 20 (twenty) days from the termination or expiration of the lease, the tenant will be obliged to pay twice the rent.

15.7 Assets Owned, Leased or Used by the Company

Except as mentioned in section 15.6.5 above regarding the lease agreement of the Company's head office, the Company does not currently own any properties or assets used to exercise its activity due to its inability to sign agreements in its name because it does not enjoy a corporate personality prior to the declaration of its incorporation. It must be noted that pursuant to Article (64) of the Companies Regulations and upon the announcement of the decision to incorporate the Company, all acts and procedures which the Founding Shareholders had undertaken in the name of the Company shall be transferred to the Company.

15.8 Senior Executives Employment Contracts

Currently, there are no employment contracts signed with any of the Company's Directors or nominated executive manager as the Company is still under formation.

15.9 Insurance

The Company is still under formation. Therefore, no insurance policies of any kind have been acquired.

15.10 Trademarks

As previously mentioned, the Company has no trademark (including its logo) or any intellectual property registered in its name pursuant to any regulation under which the Company exercises its activities. The Company intends to commence the procedures for registration of its trademark once the incorporation procedures are finalized.

15.11 Legal Proceedings and Actions

The Company is under formation. Hence, to date, it is not a party to any action filed by it or against it which may have a material effect on its results and financial position. Some of the Founding Shareholders' subsidiaries have been named in the normal course of their business in the insurance and financial services industries in general as plaintiffs and defendants in a number of claims and disputes.

AlG is also subject to, in the normal course of its business, claims for various damages. In AlG's insurance operations, litigation arising from claims settlement activities is generally considered in the establishment of AlG's liability for unpaid claims and claims adjustment expense. However, the potential for increasing awards and settlements makes it difficult to assess the ultimate outcome of such litigation. AlG is also subject to derivative, class action and other claims asserted by its shareholders and others alleging, among other things, breach of fiduciary duties by its directors and officers and violations of insurance laws and regulations, as well as securities laws.

Various regulatory and governmental agencies have been reviewing certain public disclosures, transactions and practices of AlG and its subsidiaries in connection with industry-wide and other inquiries into, among other matters, AlG's liquidity, compensation paid to certain employees, payments made to counterparties and certain business practices and valuations of current and former operating insurance subsidiaries. AlG has cooperated and will continue to cooperate, in producing documents and other information in response to subpoenas and other requests.

No litigation or other contingencies are directly related to AlG's investment in or obligations to the Company; however, some of the matters, if decided in a manner adverse to AlG, may have an adverse effect on AlG generally and so may indirectly affect AlG's participation in the Company.

15.12 Auditor

The Company has not yet appointed its auditor since it is still under formation. The Company's first auditors will be appointed during the constituent assembly meeting which will be held following the IPO.

15.13 Commissions

No commissions, brokerages or other compensation with regard to the capital of the Company were granted to any party during the pre-incorporation period.

15.14 Continuity of Business

The Company is under formation and no business activities, mainly insurance and reinsurance activities have been transacted prior to issuing the Prospectus.

15.15 Underwriting

The Founding Shareholders, on behalf of the Company, have appointed Saudi Fransi Capital as the Underwriter for the entire Initial Public Offering which amounts to 5,250,000 (five million, two hundred fifty thousand) ordinary Shares representing 30% of the Company's capital in accordance with the terms and conditions provided for in the Underwriting Agreement entered into by and between the Company and the Underwriter.

15.16 Debts & Contingent Liabilities

The nominated Directors declare that, as of the date of the Prospectus, the Company has no debt instruments, long term loans or contingent liabilities, except for what is stated under Section 10 ("Capitalization & Indebtedness") hereof. It is further declared that, except as mentioned in section 15.6.1 "Shareholders Agreement", the Company's capital is not subject to option/preferential rights.

15.17 Mortgages, Rights and Charges on Company's Properties

The Directors declare that the Company has no mortgages, encumbrances or liens on its properties as of the date of the Prospectus.

15.18 Capital

The capital of the Company shall be SAR 175,000,000 (one hundred seventy five million Saudi Riyals) consisting of 17,500,000 (seventeen million, five hundred thousand) Shares all of equal value of SAR 10 (ten Saudi Riyals) per Share. The Founding Shareholders subscribed to 12,250,000 (twelve million, two hundred fifty thousand) Shares in the amount of SAR 122,500,000 (one hundred twenty two million, five hundred thousand Saudi Riyals) and paid their value in cash representing 70% of the entire Shares of the Company's capital. The amount has been deposited in the Company's account with Arab National Bank and the remaining Shares amount to 5,250,000 (five million, two hundred fifty thousand) Shares in the value of SAR 52,500,000 (fifty two million, five hundred thousand Saudi Riyals), will be offered for public subscription. Directors declare that, except as mentioned in section 15.6.1 "Shareholders Agreement", the Company's capital is not subject to option/preferential rights as of the date of the Prospectus.

15.19 Approvals and Statements of Experts'

The approvals of the Financial Advisor, legal advisors and the Independent Accountant have been obtained to list their names and logos in the manner indicated in this Prospectus. None of these approvals has been withdrawn. Furthermore, none of the consultants, their employees or any of their Relatives hold any Shares or any interest of any kind.

16. UNDERWRITING

16.1 Underwriter

Saudi Fransi Capital (the "Underwriter") has undertaken to underwrite the entire 5,250,000 (five million, two hundred fifty thousand) ordinary Shares of the Offering. The following is a presentation of the main terms and conditions of the Underwriting Agreement.

Saudi Fransi Capital
P.O. Box: 23454
Riyadh 11426
Kingdom of Saudi Arabia
Tel: +966 (1) 2826666
Fax: +966 (1) 2826823
Website: www.fransicapital.com.sa
Email: srafiq@alfransi.com.sa

16.2 Summary of Underwriting Agreement

Pursuant to the terms and subject to the conditions contained in the Underwriting Agreement:

1. The Company and its Founding Shareholders undertake to the Underwriter that on the Closing Date (as defined in the Underwriting Agreement) they:
 - Shall sell and allocate to any Subscriber approved by the Receiving Entities the Offer Shares; and/or
 - sell and allocate to the Underwriter any Offered Shares that are not subscribed for under the Offering terms and conditions; and
2. The Underwriter undertakes to the Company that it will, on the allocation date, purchase all the Offer Shares not subscribed for, if any, at the Offer Price.

16.3 Fees & Expenses

The Founding Shareholders, on behalf of the Company, will pay to the Underwriter the underwriting fee based on the total value of the Offering. Moreover, the Founding Shareholders agreed on behalf of the Company to pay to the Underwriter's fees, costs and expenses in connection with the Offering.

The Offering expenses will be deducted after incorporation of the Company from the Company's pre-operating expenses account.

17. SUBSCRIPTION TERMS AND CONDITIONS

All Subscribers must carefully read the Subscription Terms and Conditions prior to completing the Subscription Application Form, since the execution of the Subscription Application Form constitutes acceptance and agreement to the Subscription Terms and Conditions.

17.1 Shares Subscription

The Offering will consist of 5,250,000 (five million, two hundred fifty thousand) ordinary Shares at Nominal Value each, representing a total of 30% of the share capital of the Company.

The Offering is directed at Saudi Individual Investors only, referred to as "Individual Investors". In addition, a divorced or widowed Saudi woman with minor children from a non-Saudi husband may subscribe in the names of her minor children for her benefit. A subscription made by an ex-husband of a divorced Saudi woman is deemed null and if it was proven as such, the law will be enforced against such applicant.

17.1.1 Subscription of Individual Investors

The Subscription Application Form will be available to investors during the Offering Period at the branches of the Receiving Entities or through their websites. Other subscription channels will include the internet, telephone banking and ATMs of the Receiving Entities that provide one or more of these subscription channels. Such services will be available to investors if:

- The investor has participated in one of the latest initial public offerings;
- The investor has a bank account with one of the Receiving Entities which offers such services; and
- The investor's information has not been changed since its latest subscription.

A signed Subscription Application Form submitted to any of the Receiving Entities represents a legally binding agreement between the Company and the investor.

A total of 5,250,000 (five million, two hundred fifty thousand) ordinary Shares will be offered for subscription, representing 30% of the total Shares and Subscribers can subscribe and request copies of the Prospectus, summarized Prospectus and forms from the following Receiving Entities:

1. Banque Saudi Fransi;
2. Riyadh Bank;
3. Al-Ahli Commercial Bank;
4. Arab National Bank.

17.1.2 Subscription's Method & Period

The Receiving Entities will commence receiving Subscription Application Forms for a period of (7) seven days at their branches throughout the Kingdom from 17/07/1434H (corresponding to 27/05/2013G) to 23/07/1434H (corresponding to 02/06/2013G). Once the Subscriber signs and submits the Subscription Application Form, the Receiving Entity shall stamp the Subscription Application Form and shall provide the Subscriber with a copy. In the event the information provided in the Subscription Application Form are incomplete or inaccurate, or not stamped by the Receiving Entity, the Subscription Application Form will be considered void.

Each Subscriber is required to specify, in the Subscription Application Form, the number of Offer Shares he/she is applying for. The total payable amount required from each Subscriber will be equal to the number of Offer Shares applied for, multiplied by the Offer Price of SAR 10 (ten Saudi Riyals) per Share. Subscription Application Forms will not be accepted for less than 50 (fifty) Offer Shares or for fraction of Share thereof, provided that the subscription application does not exceed 100,000 (one hundred thousand) Offer Shares for each Subscriber.

Each Subscriber is required to submit the Subscription Application Form and the total subscription amount during the Offering Period accompanied by the following documents:

- The original national identification card of the Subscriber and a copy thereof;
- The original family identification card and a copy thereof (for family members);
- The original power of attorney, custody certificate or certificate of legal support to act on behalf of the Subscriber and a copy thereof;

- The original custody certificate and a copy thereof (for orphans);
- The original divorce certificate and a copy thereof (for dependents of Saudi divorcees from a non-Saudi husbands);
- The original death certificate and a copy thereof (for dependents of Saudi widows from a non-Saudi husbands);
- The original birth certificate and a copy thereof (for dependents of Saudi divorcees or widows by a non-Saudi husband).

If a Subscription Application Form is submitted on behalf of a Subscriber (parents and children only), it shall be stated in the Subscription Application Form that the person signing on behalf of the Subscriber is delegated to act on his behalf, accompanied by a valid power of attorney issued before a notary public for the residents of the Kingdom and for those residing outside the Kingdom, the power of attorney must be certificate by a Saudi embassy or consulate in the relevant country. The Receiving Entities will verify all copies against the originals and will return the latter to the Subscriber.

One Subscription Application Form shall be completed for each household (i.e. family member appearing on the family identification card) ("Prime Subscriber") applying for himself and members appearing on his family identification card if dependent Subscribers are applying for the same number of Offer Shares as the Prime Subscriber. Consequently:

1. The Offer Shares will be allocated to the Prime Subscriber;
2. The balance amounts of the unallocated Shares shall be refunded to the Prime Subscriber; and
3. All dividends distributed in respect of the Offer Shares of the Prime Subscriber and his dependents shall be allocated to the Prime Subscriber.

Separate Subscription Application Forms must be used if:

1. The allocated Shares are to be registered in the name of a person other than the Prime Subscriber;
2. The dependents wish to subscribe for a number of Shares different than the Prime Subscriber; or
3. A wife wishes to subscribe in her name and register the allocated Shares in her account. However, she must complete a separate Subscription Application Form as a Prime Subscriber. In such case, any application submitted by the husband on behalf of his wife shall be cancelled and the Receiving Entities shall process the wife's independent application.

Each Subscriber acknowledges his/her consent to the subscription of the allocated Shares and the ownership of the number of Shares specified in the Subscription Application Form submitted by the Subscriber for an amount equal to the number of Shares applied for multiplied by the Offer Price of SAR 10 (ten Saudi Riyals) per Share. Each Subscriber shall be considered the owner of the number of Shares allotted to him upon the fulfillment of the following:

1. The delivery of the Subscription Application Form to the Receiving Entities by the Subscriber;
2. The payment of the total value of Shares subscribed for to the Receiving Entities by the Subscriber; and
3. The delivery of the allocation notice specifying the number of Shares allotted to the Subscriber by the Receiving Entities.

The total value of the subscribed Shares shall be paid in full to the Receiving Entities or one of their branches by providing a debit notice of the Subscriber's account in the Receiving Entity where the Subscription Application Form is being submitted. In order to submit the Subscription Application Form, the Subscriber must open an account with the Receiving Entity.

If the submitted Subscription Application Form does not comply with the terms and conditions of the Offering, the Company has the right to reject the application in full or in part and the Subscriber shall accept any number of Shares allocated to him/her.

17.2 Allocation & Balance Refunds

The Lead Manager shall open an escrow accounts in the name of "(American International Group and Arab National Bank) Cooperative Insurance IPO Account".

Each Receiving Entity shall deposit all amounts received from the Subscribers into the escrow account mentioned above. Each Subscriber shall be allocated to a minimum of 50 (fifty) Shares. The remaining Shares (if any) shall be allocated to Individual Investors on a pro rata basis in respect of the percentage of Shares requested by the Individual Investors to the total number of Shares subscribed for. The Company does not guarantee the allocation of the minimum number of Shares to each Individual Investor; if the number of Subscribers exceeds 105,000 (one hundred and five thousand) Subscribers, the Company shall not guarantee the minimum allocation and the Shares shall be allocated equally between all investors. The balance of Subscription (if any) shall be refunded to the Subscribers without charging any commissions or deductions by the Lead Manager or the Receiving Entities. The allocations and balance refunds shall be declared no later than 30/07/1434H (corresponding to 09/06/2013G).

The Receiving Entities shall send confirmation/notification letters to their Subscribers informing them of the final number of Shares allocated to them together with the amounts to be refunded (if any). Also, the Receiving Entities shall refund any amounts in respect of the unallocated Shares to the relevant Subscribers as provided in the confirmation/notification letters. Subscription balances shall be refunded in full without any charge or withholding in the Subscribers' accounts at the Receiving Entity. For further information, Subscribers should contact the Receiving Entity in which they submitted their Subscription Application Form.

17.3 Circumstances where listing of Shares may be suspended or cancelled

17.3.1 Power to suspend or cancel listing of Shares

1. The CMA may at any time suspend or cancel the listing of Shares as it deems fit, in any of the following circumstances:
 - The CMA considers it necessary for the protection of investors or the maintenance of an orderly market;
 - The issuer fails in a manner which the CMA considers material, to comply with the Capital Market Law and its Implementing Regulations including a failure to pay on time any fees or fines due to the CMA;
 - The liquidity requirements set out in paragraph (a) of Article 13 of Listing Rules are no longer met;
 - The CMA considers that the issuer does not have a sufficient level of operations or sufficient assets to warrant the continued trading of its securities on the Exchange;
 - The CMA considers that the issuer or its business is no longer suitable to warrant the continued listing of its securities on the Exchange; or
 - In the case of cross-listed securities, the listing of the foreign issuer's securities has been suspended or cancelled elsewhere.
2. Where a suspension of an issuer continues for 6 months, without the issuer taking appropriate action to resume its trading, the CMA may cancel the listing.
3. Upon an announcement of an Extraordinary General Assembly's approval of the issuer on a capital increase resulting in a reverse takeover, the listing of the issuer's shares shall be cancelled. The issuer must submit a new application for registration and admission to listing in accordance with these Rules, should it wish to list its securities.

17.3.2 Voluntary suspension or cancellation of listing

1. An issuer whose securities have been admitted to listing may not suspend or cancel the listing of its securities on the Exchange without the prior approval of the CMA. The issuer must provide the following to the CMA:
 - Specific reasons for the request for the suspension or cancellation;
 - A copy of the form of the announcement described at paragraph (3) of this section; and
 - If the cancellation is to take place as a result of a takeover or other corporate action by the issuer, a copy of the relevant documentation and a copy of each related communication to shareholders.
2. Once approval from the CMA has been obtained for the cancellation of listing, an issuer must obtain the consent of its Extraordinary General Assembly.
3. Where a suspension or cancellation is made at the issuer's request, the issuer must announce as soon as possible the reason for the suspension or cancellation, the anticipated period of the suspension, the nature of the event resulting in the suspension or the cancellation which affects the issuer's activities.
4. The CMA may accept or reject the request for suspension or cancellation in its discretion.

17.3.3 Temporary Trading Halt

1. An issuer may request a temporary trading halt upon the occurrence of an event that occurs during trading hours which requires immediate disclosure under the Listing Rules, where the issuer cannot maintain the confidentiality of this information until the end of the trading period.
2. To enable the CMA to assess the need for the trading halt and the appropriate duration of the trading halt the request must be supported by:
 - Specific reasons for the request for the trading halt and the duration of there requested trading halt; and
 - A copy of the announcement described at paragraph (3).
3. Where a trading halt is made at the issuer's request, the issuer must announce, as soon as possible, the reason for the trading halt, the anticipated period of the trading halt, the event affecting the issuer's activities.
4. The CMA may accept or reject the request for trading halt in its discretion.
5. The CMA may impose a trading halt without a request from the issuer where the CMA becomes aware of information or circumstances affecting the issuer's activities which the CMA considers would be likely to interrupt the operation of the Exchange or the protection of investors. An issuer whose securities are subject to a trading halt must continue to comply with the Capital Markets Law and its Implementing Regulations.
6. A trading halt will be lifted following the lapse of the period referred to in the announcement specified in paragraph (3), unless the CMA decides otherwise.

17.3.4 Lifting of Suspension

1. Where a listing has been suspended, the lifting of such suspension will depend on:
 - The events which led to the suspension have been sufficiently remedied and the suspension is no longer necessary for the protection of investors; and
 - The issuer's compliance with any other conditions that the CMA may require.
2. The CMA may lift a suspension even where the issuer has not requested it.

17.3.5 Re-registering and Admission to Listing of Cancelled Securities

An issuer is required to submit a new application for registration and admission to listing in order to re-registering and admission to list securities which have been cancelled.

17.4 Acknowledgements

By completing and submitting the Subscription Application Form, the Subscriber:

- Accepts the Subscription for the number of Shares specified in the Subscription Application Form;
- Acknowledges that he/she has read the Prospectus and understood all its content;
- Accepts the Company's Bylaws and all terms and conditions mentioned in the Prospectus and the Subscription Application Form, therefore he/she has subscribed for the given Shares;
- Reserves his/her right to sue the Company for damages caused directly by inaccurate or incomplete material information contained in the Prospectus, or by ignoring material information that affects the Subscriber's decision to purchase the Shares, if included in the Prospectus;
- Acknowledges that neither he/she nor any of his/her family members included in the Subscription Application Form has previously subscribed to the Shares. The Company has the right to reject all applications, including duplicate Subscription Applications Forms;
- Acknowledges his/her acceptance of the allocated Shares and all instructions and terms mentioned in the Subscription Application Form and the Prospectus; and
- Guarantees not to cancel or amend the Subscription Application Form after submitting it to the Receiving Entity.

17.5 Miscellaneous

The Subscription Application Form and all related terms, conditions and undertakings hereof shall be binding to the benefit of its parties, their successors, permitted assignees, wills' executors and heirs, provided that, except as specifically contemplated in this prospectus, neither the Subscription Application Form nor any of the rights, interests or obligations arising pursuant thereto shall be assigned or delegated by any of the parties, without the prior written consent of the other party.

The terms and conditions and any receipt of the Subscription Application Forms or contracts resulting therefrom shall be governed by and interpreted and implemented in accordance with, the laws of the Kingdom.

An application has been submitted along with all relevant supporting documents by the Company to the CMA for the registration of the Shares in the Official List. All relevant regulatory approvals required to conduct the Offering has been granted.

17.6 The Saudi Stock Exchange (Tadawul)

Tadawul system was founded in 2001G as the successor to the Electronic Securities Information System. In 1990G, the electronic trading of shares took place in the Kingdom. The market value of shares was SAR 5.96 billion at the closing day of 08/03/1434H (corresponding to 20/01/2013G). 159 companies are listed on Tadawul as of that date.

Tadawul system fully covers the entire process of trading operations from the trade orders through settlements. Trading occurs on every Business Day, Saturday through Wednesday, between 11:00 am to 3:30 pm, by which orders take place. Outside the trading times above, orders can be entered, amended or deleted from 10:00 am until 11:00 am. New entries and inquiries can be made from 10:00 am before the opening session (starting at 11:00am). These timings change in the holy month of Ramadan and are announced by Tadawul's management.

Transactions take place through the automatic matching of orders. Each valid order is accepted and generated according to the price. In general, market orders (orders placed at best price) are executed first, followed by price limited orders (orders placed at a price limit) provided that if several orders are generated at the same price, such orders are executed according to the time of entry. Tadawul distributes a comprehensive range of information through various channels including, in particular, Tadawul website and Tadawul Information Link. Tadawul Information Link provides trading data immediately to information providers such as Reuters. Exchange transactions are settled on the same day, which means that the ownership transfer takes place immediately after the trade is executed.

The Company shall report all material decisions and information via Tadawul to the investors. Tadawul is responsible for the control of the market as it is the operator of the market. The aim of the control is to ensure fair trading and an orderly market.

17.7 Shares Exchange

It is expected that the trading of the Company's Shares will commence upon the finalization of the allocation process. The CMA shall announce the start date of trading once determined. Dates and times included in this Prospectus are not final and are included for indicative purposes only. Such dates may be changed or amended subject to the approval of the CMA. Furthermore, Shares can only be traded after allocated Shares have been credited to Subscribers' accounts at Tadawul and after the Company has been registered with the Official List and its Shares listed on the Exchange. Pre-trading is strictly prohibited and Subscribers entering into any pre-trading activities will be acting at their own risk. The Company shall have no legal responsibility in such event.

Trading shares in the Saudi Stock Exchange "Tadawul" shall be in effect only through electronic book entry in the Shares Register of Tadawul. No trading of shares will be enforceable through shares certificates. However, Shareholders may request share certificates as evidence of ownership only, but these certificates may not be used for trading.

18. WAIVERS

The CMA's approval to waive a number of requirements of the Listing Rules has been obtained, namely those provided for in Articles (11(b)), (11(c)) and (13(e)) of the Listing Rules and detailed below, given that the Company is still under formation and pursuant to the requirements of the Insurance Law and its Implementing Regulations to offer a specific percentage of its shares to the public and list such shares on the Saudi Stock Exchange upon its incorporation.

Below are the Articles of the Listing Rules that relate to the waivers:

- Article (11(b)) of the Listing Rules, which provides that "On an application for registration and admission to listing of securities, the issuer must have been carrying on, either by itself or through one or more of its subsidiaries, a main activity for at least three financial years under substantially the same management.";
- Article (11(c)) of the Listing Rules, which provides that "On an application for registration and admission to listing of securities, an issuer must have published its audited financial statements covering at least the previous three financial years, prepared in accordance with the accounting standards issued by SOCPA."; and
- Article (13(e)) of the Listing Rules, which provides that "Except where shares of the same class are already listed, at the date of listing the expected aggregate market value of all shares to be listed must be at least SAR 100,000,000 (one hundred million Saudi Riyals)."

19. DOCUMENTS AVAILABLE FOR INSPECTION

The following documents will be available for inspection at the Company's head office in the city of Riyadh, between 8.00 a.m. to 5.00 p.m. twenty days prior to and during the Offering Period:

1. Company's notarized Articles of Incorporation;
2. Company's proposed Bylaws;
3. Council of Ministers Resolution No. 119 dated 13/04/1431H (corresponding to 29/03/2010G) approving the Company's incorporation;
4. Royal Decree No. M/22 dated 15/04/1431H (corresponding to 31/03/2010G) approving the Company's incorporation;
5. SAMA's letters;
6. CMA approval to the Offering;
7. Independent Accountant's report;
8. Prospective working capital statement for the next twelve-month period directly following the date of Prospectus announcement;
9. All licenses;
10. Underwriting Agreement;
11. Financial Consultation Services Agreement signed with Saud Fransi Capital;
12. The Financial Advisor's (Saudi Fransi Capital) Consent letters to include its name and logo in the Prospectus;
13. The Independent Accountant's consent letter to include its name and logo in the Prospectus;
14. Consent letter from the legal advisor (Law Office of Salman M. Al-Sudairi) for the inclusion of their name as the Company's Saudi legal advisor in the Prospectus;
15. Consent letter from the legal advisor (Latham & Watkins LLP) for the inclusion of their name as the Company's international legal advisor in the Prospectus;
16. Consent letter from the legal advisor (Legal Advisors, Torki Al-Shubaiki, in association with Baker & McKenzie Ltd.) for the inclusion of their name as the underwriter's and the lead manager's legal counsel in the Prospectus;
17. Consent letters from the market study advisor to include its name in the Prospectus;
18. A copy of the reports on the insurance market issued by SAMA, BMI and Swiss Re;
19. Contracts to be disclosed under Paragraph (e) and (f) of Appendix (4) of the Listing Rules namely the Shareholders' Agreement, Trademarks Licensing, Bancassurance Distribution Agreement, Technical Services Agreements and Lease Agreement of the Company's head office.

20. INDEPENDENT ACCOUNTANT'S REPORT



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REVIEW REPORT ON PROJECTED BALANCE SHEET

To the Shareholders
American International Group and Arab National Bank Cooperative Insurance Company
(Saudi Joint Stock Company – under incorporation)
Riyadh, Saudi Arabia

Scope of review

We have reviewed the accompanying projected balance sheet of American International Group and Arab National Bank Cooperative Insurance Company - (Saudi Joint Stock Company - under incorporation) (the "Company") as at June 30, 2013 (expected date of incorporation), and the accompanying notes 1 to 9. This projected balance sheet and the accompanying detailed notes are the responsibility of the Company's management (the "management") and are prepared and submitted to us by them. Our responsibility is to express an opinion on the projected balance sheet and the accompanying notes based on our review. We conducted our review in accordance with the standard on projected financial statements issued by the Saudi Organization for Certified Public Accountants ("SOCPA") and included such procedures as we considered necessary to obtain reasonable degree of assurance that would enable us to express our opinion on the assumptions used by the management and the preparation and presentation of the projected balance sheet.

Unqualified opinion

In our opinion, the accompanying projected balance sheet is presented and disclosed in accordance with the requirements of the standard on projected financial statements issued by the SOCPA and the underlying assumptions provide a reasonable basis for management's projections.

Emphasize of a matter

It is unlikely that conditions and circumstances will occur as projected and hence, the projected balance sheet may not occur and the differences between the projected and actual balance sheet might be material. Since events and circumstances may change from time to time, we have no responsibility to update this report for events and circumstances occurring after the date of this report.

Our report has been issued for the purpose of submitting it to the Capital Market Authority by the Company and not for any other purpose or to be submitted to any other party other than the Capital Market Authority.

Deloitte & Touche
Bakr Abulkhair & Co.

Ehsan A. Makhdoum
(License No. 358)



Jumada Al Thani 14, 1434
April 24, 2013

AMERICAN INTERNATIONAL GROUP AND ARAB NATIONAL BANK COOPERATIVE INSURANCE COMPANY
(SAUDI JOINT STOCK COMPANY – UNDER INCORPORATION)

PROJECTED BALANCE SHEET
AS AT JUNE 30, 2013 (EXPECTED DATE OF INCORPORATION)

	Notes	(In thousands Saudi Riyals) (Unaudited)
ASSETS		
Current assets		
Bank balance		105,000
Expected cash from the initial public offering	5	52,500
Prepaid rent	8	639
Total current assets		158,139
Non-current assets		
Pre- incorporation expense	6	23,507
Statutory deposit	9	17,500
Fixed assets	7	13,649
Total non-current assets		54,656
Total assets		212,795
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Due to related parties	8	37,795
Total current liabilities		37,795
Shareholders' equity		
Share capital paid by the founding shareholders	4	122,500
Share capital expected from the initial public offering	5	52,500
Total shareholders' equity		175,500
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		212,795

The accompanying notes from 1 to 9 are part of the projected balance sheet

AMERICAN INTERNATIONAL GROUP AND ARAB NATIONAL BANK COOPERATIVE INSURANCE COMPANY
(SAUDI JOINT STOCK COMPANY – UNDER INCORPORATION)

NOTES TO THE PROJECTED BALANCE SHEET
AS AT JUNE 30, 2013 (EXPECTED DATE OF INCORPORATION)

1. ORGANIZATION AND ACTIVITIES

American International Group and Arab National Bank Cooperative Insurance Company (the "Company") is a Saudi joint stock company (under incorporation) by ministerial decree Number (119) dated 13/4/1431 H (corresponding to 29/3/2010), and approved by the Royal Decree Number (M/22) dated 15/4/1431 H (corresponding to 31/3/2010).

The objectives of the Company are to engage in providing cooperative insurance and all related services in accordance with its Articles of Association and the applicable regulations in the Kingdom of Saudi Arabia.

The founding Shareholders mentioned under Note 4 have contributed an amount of SR 122.5 million which represents 70% of the Company's share capital amounting to SR 175 million. The remaining capital amounting to SR 52.5 million which represents 30 % of the Company's share capital will be covered through the initial public offering (Note 5).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying projected balance sheet has been prepared in accordance with the generally accepted accounting standards in the Kingdom of Saudi Arabia issued by the Saudi Organization for Certified Public Accountants. The following is a summary of significant accounting policies applied by the Company:

Accounting convention

The projected balance sheet is prepared under the historical cost convention.

Use of estimates

The preparation of projected balance sheet in conformity with generally accepted accounting standards requires the use of estimates and assumptions that could affect the reported amounts of assets and liabilities at the reporting date of the projected balance sheet. Although these estimates are based on management's best knowledge of current and future events and activities available to the management, actual results ultimately may differ from those estimates.

Pre-incorporation expenses

Expenses paid by the Company during the incorporation period relating to the issuing of the license and the initial public offering are capitalized and reported as pre-incorporation expense.

Pre- incorporation expenses which doesn't have future benefits are charged to the statement of income during the Company's first financial period. Pre-incorporation expenses which have future benefits are amortized on a straight line basis over a seven years period or its estimated useful period, whichever is shorter.

Fixed assets

Fixed assets are stated at cost less accumulated depreciation and any impairment losses. Depreciation is provided over the estimated useful lives of the applicable assets after deducting their estimated salvage value at the end of their useful period using the straight line method over the estimated useful life of the assets effective from the date the assets are put in use.

The carrying value of the fixed assets is reviewed for impairment where circumstances or changes in circumstances indicate the possibility that an asset's carrying value will not be recovered. If any such indication exists, and the carrying value exceeded the estimated recoverable value, the carrying value of the assets is reduced to the realizable value and considered as their fair value, after deducting the higher of its selling cost or the value in use.

Payables and accrued expenses

Payables related to amounts that are to be paid in the future, are stated against expenses spent by the founding shareholders in the name of the Company and on its behalf.

AMERICAN INTERNATIONAL GROUP AND ARAB NATIONAL BANK COOPERATIVE INSURANCE COMPANY
(SAUDI JOINT STOCK COMPANY – UNDER INCORPORATION)

NOTES TO THE PROJECTED BALANCE SHEET (Continued)
AS AT JUNE 30, 2013 (EXPECTED DATE OF INCORPORATION)

3. USE OF ASSUMPTIONS AND ESTIMATED IN THE PREPARATION OF THE PROJECTED BALANCE SHEET

The Company has set certain assumptions and estimates in the preparation of the projected balance sheet as explained in details in the notes from 4 to 9 below, which affect the disclosed assets and liabilities' balances. The projected balance sheet includes expectations concerning the date of incorporation and the actual balances of the disclosed assets and liabilities may differ from the reported balances as circumstances frequently do not occur as planned.

4. CASH REQUIRED TO BE PAID BY THE FOUNDING SHAREHOLDERS

Number	Name of Shareholder	Number of shares in thousands (unaudited)	Paid capital (in thousands Saudi Riyals) (unaudited)
1	American Life Insurance Company	5,250	52,500
2	Arab National Bank	5,240	52,400
3	Chartis Mems Holdings	1,750	17,500
4	Mr. Abulatif Bin Hamad Mohamed Al Gabr	5	50
5	Mr. Salah Rashed Abd Alrhman Al Rashed	5	50
		12,250	122,500

An amount of SR 122.5 has been received from the founding shareholders and deposited in the bank.

5. SHARE CAPITAL EXPECTED FROM INITIAL PUBLIC OFFERING

This caption amounting to SR 52.5 million represents 30 % of the Company's share capital amounting to SR 175 million and consists of 5,250,000 share with a nominal value of SR 10 each that will be covered through the public offering.

6. PRE-INCORPORATION EXPENSES

	In thousands Saudi Riyals (Unaudited)
Initial Public Offering Cost	13,688
Employees' cost	2,548
Information technology	1,678
Depreciation	1,652
Offices rent	1,130
Registration of products and trademark	1,091
Travel	990
Professional fees	730
	23,507

AMERICAN INTERNATIONAL GROUP AND ARAB NATIONAL BANK COOPERATIVE INSURANCE COMPANY
(SAUDI JOINT STOCK COMPANY – UNDER INCORPORATION)

NOTES TO THE PROJECTED BALANCE SHEET (Continued)
AS AT JUNE 30, 2013 (EXPECTED DATE OF INCORPORATION)

7. FIXED ASSETS

	In thousands Saudi Riyals (Unaudited)
Furniture and fixtures	915
Leasehold improvements	3,207
Computers and software	9,527
	13,649

8. RELATED PARTIES TRANSACTIONS AND BALANCES

Related parties and the related balances and transactions are represented in the following:

Related parties	Nature of transactions	In thousands Saudi Riyals (Unaudited)
		Transactions and balances as at June 30, 2013
American Life Insurance Company	- Pre- incorporation expense	7,063
	- Fixed assets	11,260
	- Prepaid rent	639
Chartis Memsa Holdings	- Pre- incorporation expense	1,720
	- Fixed assets	2,389
Arab National Bank	- Pre- incorporation expense	14,724
		37,795

9. STATUTORY DEPOSIT

In compliance with the Saudi Regulations for cooperative insurance, the Company has to deposit 10 percent of its share capital, amounting to SR 17.5 million in a bank designated by the Saudi Arabian Monetary Agency within three months from the issuance of the license.

AMERICAN INTERNATIONAL GROUP AND ARAB NATIONAL BANK COOPERATIVE INSURANCE COMPANY
(SAUDI JOINT STOCK COMPANY – UNDER INCORPORATION)

PROJECTED WORKING CAPITAL STATEMENT AND REVIEW REPORT
FOR THE TWELVE MONTHS FOLLOWING DIRECTLY THE DATE OF ANNOUNCEMENT OF THE PROSPECTUS



REVIEW REPORT ON PROJECTED WORKING CAPITAL STATEMENT

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To the Shareholders
American International Group and Arab National Bank Cooperative Insurance Company
(Saudi Joint Stock Company – under incorporation)
Riyadh, Saudi Arabia

Scope of Review

We have reviewed the accompanying projected working capital statement of American International Group and Arab National Bank Cooperative Insurance Company - Saudi Joint Stock Company - under incorporation (the "Company") for the twelve months following directly the date of announcement of the prospectus, and accompanying notes 1 to 4. This projected working capital statement and the accompanying detailed notes are the responsibility of the Company's management (the "management") as prepared and submit to us by the management. Our responsibility is to express an opinion on the projected working capital statement and accompanying notes based on our review. We conducted our review in accordance with the standard on projected financial statements issued by the Saudi Organization for Certified Public Accountants ("SOCPA") and included such procedures as we considered necessary to obtain reasonable degree of assurance to enable us to express an opinion on the assumptions used by the management and the preparation and presentation of the projected working capital statement.

Unqualified opinion

In our opinion, the accompanying projected working capital statement is presented and disclosed in accordance with the requirements of the standard on projected financial statements issued by the SOCPA and that the underlying assumptions provide a reasonable basis for management's projections.

Emphasize of a matter

It is unlikely that conditions and circumstances will occur as projected and hence, the projected working capital may not occur and the differences between the projected and actual working capital might be material. Since events and circumstances may change from time to time, we have no responsibility to update this report for events and circumstances occurring after the date of this report.

Our report has been issued for the purpose of submitting it to the Capital Market Authority by the Company, and not for any other purpose or to be submitted to any other party other than the Capital Market Authority.

Deloitte & Touche
Bakr Abulkhair & Co.



Ehsan A. Makhdoum
License No. 358

Jumada Al-Thani 14, 1434
April 24, 2013

AMERICAN INTERNATIONAL GROUP AND ARAB NATIONAL BANK COOPERATIVE INSURANCE COMPANY
(SAUDI JOINT STOCK COMPANY – UNDER INCORPORATION)

PROJECTED WORKING CAPITAL STATEMENT
FOR THE TWELVE MONTHS FOLLOWING DIRECTLY THE DATE OF ANNOUNCEMENT OF THE PROSPECTUS

	Notes	In thousands Saudi Riyals (Unaudited)
Operating activities		
Net loss for the twelve months period	2-1	(59,304)
Adjustments to:		
Depreciation	3-5	3,168
Employees' end of service benefits		602
Pre-incorporation expenses written off	3-15	23,507
Provision for doubtful debts		1,628
		(30,399)
Changes in operating assets and liabilities:		
Insurance premium and balances Receivable	4-1	(20,226)
Reinsurers' share of outstanding claims		(6,610)
Reinsurers' share of unearned premiums		(12,470)
Deferred policy acquisition costs	3-3	(4,660)
Reinsurers' balances payable		18,194
Accrued expenses and other liabilities		6,510
Unearned reinsurance commission	3-4	4,277
Unearned premiums		26,337
Outstanding claims	4-1	12,377
Mathematical reserve	3-20	1,380
Due to related parties		(36,603)
Statutory deposit	4-2	(17,500)
Net cash used in operating activities		(59,393)
Investing activities		
Purchase of available for sale investments		(26,570)
Net cash used in investing activities		(26,570)
Financing activities		
Issue of share capital through the initial public offering	4-4	175,000
Net cash from financing activities		175,000
Net change in bank balance		89,037
Bank balance at the end of the period		89,037

The accompanying notes from 1 to 4 form an integral part of the projected working capital statement

AMERICAN INTERNATIONAL GROUP AND ARAB NATIONAL BANK COOPERATIVE INSURANCE COMPANY
(SAUDI JOINT STOCK COMPANY – UNDER INCORPORATION)

PROJECTED WORKING CAPITAL STATEMENT (Continued)
FOR THE TWELVE MONTHS FOLLOWING DIRECTLY THE DATE OF ANNOUNCEMENT OF THE PROSPECTUS

1. FINANCIAL PROJECTIONS

The management of American International Group and Arab National Bank Cooperative Insurance Company (the "Company") prepared these projections for the twelve months following directly the date of announcement of the prospectus (the "Period") for the purpose of assessing the Company's needs in working capital in accordance with the requirements of the Capital Market Authority. These projections were specifically prepared for the purpose mentioned above and only on the basis of the assumptions related to future events and the steps that the Company's management is planning to take. Therefore, these expectations might not be appropriate for any other purpose than the purpose referred to above.

2. PROJECTED STATEMENT OF FINANCIAL POSITION AND INCOME STATEMENT

Below is the projected statement of financial position as at the end of the twelve months following directly the date of announcement of the prospectus ("Statement of financial position date") and projected statement of income for the twelve months following directly the date of announcement of the prospectus, prepared in accordance with the accounting standards generally accepted in the Kingdom of Saudi Arabia issued by the Saudi Organization for Certified Public Accountants.

The projected statement of financial position and income statement were used to prepare the projected working capital statement for the twelve months following directly the date of announcement of the prospectus.

The preparation of the projected working capital statement in conformity with generally accepted accounting standards requires the use of estimates and assumptions. These estimates and assumptions could affect the reported amount of some assets and liabilities as at the statement of financial position date. In addition, any estimates or assumptions that impact the assets and liabilities could also impact the reported movement in the projected working capital statement. Although these estimates are based on management's best knowledge of current and future events and activities, actual results may differ from those estimates.

2. PROJECTED STATEMENT OF FINANCIAL POSITION AND INCOME STATEMENT (continued)

2-1 PROJECTED INCOME STATEMENT

	Notes	(In thousands Saudi Riyals) (Unaudited)
Net earned premium	3-1	40,769
Net incurred claims	3-2	(28,392)
Policy acquisition cost	3-3	(10,812)
Reinsurance commission earned	3-4	11,150
Change in Mathematical reserve	3-20	(1,380)
Net underwriting results		11,335
Expenses		
General and administrative expenses	3-5	(48,062)
Pre-incorporation expenses written off	3-15	(23,507)
Total expenses		(71,569)
Other income	3-16	930
Net loss before distribution to policy holders		(59,304)
Distribution to policy holders	3-17	-
Net loss for the twelve months period		(59,304)

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PROJECTED WORKING CAPITAL STATEMENT (Continued)
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2-2 PROJECTED STATEMENT OF FINANCIAL POSITION

	Notes	(In thousands Saudi Riyals) (Unaudited)
ASSETS		
Current assets		
Bank balance		89,037
Insurance premium and balances Receivable	4-1	18,598
Reinsurers' share of outstanding claims	4-1	6,610
Reinsurers' share of unearned premium		12,470
Deferred policy acquisition costs	4-1	4,660
Prepaid rent		639
Total current assets		132,014
Non-current assets		
Available for sale investments		26,570
Fixed assets	4-3	10,481
Statutory deposit	4-2	17,500
Total non-current assets		54,551
Total assets		186,565
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Reinsurers' balances payable		18,194
Accrued expenses and other liabilities		6,510
Unearned reinsurance commission	3-4	4,277
Unearned premiums	4-1	26,337
Outstanding claims	4-1	12,377
Mathematical reserve	3-20	1,380
Due to related parties	3-19	1,192
Provision for zakat and income tax	3-18	1,204
Total current liabilities		71,471
Non-current liabilities		
Employees end of service benefits		602
Total non-current liabilities		602
Total liabilities		72,073
Shareholders' equity		
Share capital	4-4	175,000
Statutory reserve	4-5	-
Accumulated losses		(60,508)
Total shareholders' equity		114,492
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		186,565

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3. ASSUMPTIONS PREPARED BY MANAGEMENT TO PROJECT THE STATEMENT OF FINANCIAL POSITION AND INCOME STATEMENT

The projected statement of financial position and income statement were prepared according to the actual rates (i.e. without the impact of inflation). Accordingly, the increase in prices and revenue and/or costs is either the result of growth in the market or the actual increase (i.e. those above the inflation rate).

The management prepared some assumptions and estimates detailed below, and which impact the balances of assets and liabilities reported in the projected statement of financial position (note 2-2) and the results of operations reported in the projected income statement (note 2-1) and which were used in the preparation of the projected working capital statement. Actual results might not be as projected, and the differences could be material.

Below are the assumptions adopted by the Company's management in the preparation of the projected statement of financial position and the projected income statement.

3-1 NET EARNED PREMIUMS

The below schedule presents management's projections for net earned premiums:

	For the twelve months period following directly the date of announcement of the prospectus (Unaudited)
Expected revenues	
Estimated number of persons covered by insurance	53,831
Estimated average premiums / persons covered by insurance (Saudi Riyal)	1,706/21
Gross written premiums (in thousands Saudi Riyals)*	91,847
Change in gross unearned premiums (in thousands Saudi Riyals)	(5,968)
Gross earned premiums (in thousands Saudi Riyals)	85,879
Excess of loss (in thousands Saudi Riyals)	(54,048)
Change in reinsurers share in unearned premiums (in thousands Saudi Riyals)	-
Reinsurers share in earned premiums (in thousands Saudi Riyals)	(54,048)
Net earned premiums for medical and life segments (in thousands Saudi Riyals)	31,831
Net earned premiums for other segments (in thousands Saudi Riyals)	8,938
Total (in thousands Saudi Riyals)	40,769

*It has been assumed that insurance policies will be written significantly starting from the third month following directly the date of announcement of the prospectus.

The management prepared the following estimates to calculate revenues:

Number of persons covered

The number of persons covered by insurance was projected based on management's technical knowledge and previous experience in the market of the Kingdom of Saudi Arabia.

Production premium

It has been assumed that the average premium rates for the projections to be SR 1,706/21 during the twelve month period.

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Earned premium

Premium is recorded in income over the periods of the related policies on a proportionate basis, and the unearned premium represents the portion of written premium related to the unexpired insurance coverage period. The change in the provision of unearned premium is recorded in the projected income statement whereby revenues are recorded over the risk period.

3-2 NET INCURRED CLAIMS

Incurred claims were estimated by multiplying total earned premium by the expected loss ratio.

3-3 DEFERRED ACQUISITION COSTS

It has been assumed that the acquisition costs would be at a percentage of 11.4% from the gross written premium. Some underwriting costs related to the issuance of new insurance policies are recorded as deferred acquisition costs, and are amortized to the income statement over the period of the related insurance coverage. In case the assumptions related to future profitability of insurance policies are not achieved, the amortization of these costs could be accelerated, and this might require an additional amortization to the income statement.

3-4 REINSURANCE COMMISSIONS

It has been assumed that the reinsurance commission would be at a percentage of 19.2% of gross ceded premium. Reinsurance commissions are deferred on the period of the reinsurance contracts and are amortized on a straight line basis over the period of the reinsurance contracts.

3-5 GENERAL AND ADMINISTRATIVE EXPENSES

	Notes	For the twelve months period following directly the date of announcement of the prospectus In thousands Saudi Riyals (Unaudited)
Employees' costs	3-6	21,658
Other costs	3-11	6,927
Technical services fees	3-14	4,767
Telephone, postage, printing and travel	3-9	4,534
Depreciation	3-10	3,168
Marketing expense	3-8	2,587
Rent expense	3-7	1,942
Provision for doubtful debts	3-13	1,628
Regulatory Governmental fees	3-12	851
Total general and administrative expenses		48,062

3-6 EMPLOYEES' COSTS

Employees' Costs have been calculated by multiplying the estimated number of employees for the period by the estimated average cost of basic salary for the period plus benefits.

The estimated number of employees depends on the number of persons, policies and employees' group. The current monthly average number of persons and insurance policies for each employee is 61 on a monthly basis. Management

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believes that the business growth and the economic balancing will be achieved and this is measured by the percentage of the number of employees to the number of persons and insurance policies.

Allowances are estimated to be 35 % of the basic salaries.

3-7 RENT EXPENSE

This cost includes rent of properties and general utilities, buildings' repair and services etc. It has been assumed that these costs are almost fixed and anticipated to increase with the increase in business to accommodate the increasing number of employees.

3-8 MARKETING EXPENSES

Marketing expenses are assumed to be approximately 6.3 % of the net earned premiums.

3-9 TELEPHONE, POSTAGE, PRINTING AND TRAVEL

It has been assumed that telephone cost will be SR 7,446 annually for each employee and that postage, printing and travel expenses will be 7.2 % of the net earned premiums.

3-10 DEPRECIATION

The following depreciation rates have been assumed to estimate the depreciation expenses during the period:

	Depreciation period (years)
Furniture and fixtures	10
Leasehold improvements on leased buildings	10
Computers and software	4

3-11 OTHER COSTS

Other costs include consultations, licenses fees, general responsibility and security insurance etc. It has been assumed that these costs will be 17% of net earned premiums.

3-12 REGULATORY GOVERNMENTAL FEES

Regulatory fees during the plan period are forecasted as a percentage of the gross written premium, and the expected rates are 1% for the Council of Cooperative Health Insurance and 0.5% for the for Saudi Arabian Monetary Agency (totaling 0.6% of the gross written premium).

3-13 PROVISION FOR DOUBTFUL DEBTS

Managements expect to collect its receivables within 30 -90 days from the inception date. However, and based on a conservative expectation, the management has assessed around 8% of the receivables balances as a provision for doubtful debts.

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3-14 TECHNICAL SERVICES FEES

Technical services fees represent fees incurred in accordance with the technical services agreement which will be signed with Chartis Memsa Holdings and American Life Insurance Company for the purpose of providing the technical expertise in the insurance specialized fields and include the actuarial assessments, products development, information systems, on and off site trainings and others. The technical services fees have been estimated on the basis of the expected level of services and include license fees for information technology programs for protection and savings insurance, general and medical insurance, in addition to the total cost of around 570 days of specialized support.

3-15 PRE-INCORPORATION EXPENSES WRITTEN OFF

It is assumed to spend one time costs including the cost of the initial public offering amounting to SR 23.5 million during the twelve months period following directly the date of announcement of the prospectus.

	(In thousands Saudi Riyals) (Unaudited)
Initial Public Offering Cost	13,688
Employees' cost	2,548
Information technology	1,678
Depreciation	1,652
Offices rent	1,130
Registration of products and trademark	1,091
Travel	990
Professional fees	730
	23,507

3-16 OTHER INCOME

Other income is represented by income from deposits and available for sale investments. The average rate of return has been expected to be 0.8% per annum.

3-17 DISTRIBUTION TO POLICY HOLDERS

According to the regulations, insurance companies are required to distribute 10% of the profits to the policy holders. Accordingly, 10% of the profit will be distributed to the policy holders. However, due to the Company's expectation to incur net loss for the twelve months period following directly the date of announcement of the prospectus, no distribution is expected to be made.

3-18 ZAKAT AND INCOME TAX

Local shareholders (48%) are subject to zakat which is charged at the rate of 2.5% from the Zakat base (Share capital at the beginning of the period less long term investments and net carrying value of fixed assets at the end of the year plus income subject to zakat).

Foreign shareholders (52%) are subject to corporate tax which is charged at the rate of the tax determined by the department of zakat and income tax for non-Saudi companies (20%).

In accordance with the treatment of zakat and tax generally followed by the mixed companies (as determined by the Saudi Organization for certified Public Accountants), it was assumed that the Company will pay zakat and tax on behalf of the shareholders and to collect then later from the shareholders. Accordingly, these expenses have not been charged

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directly to the projected income statement and have been charged directly to accumulated losses and the recovered amounts from shareholders are recorded against accumulated losses.

3-19 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Related parties and the related transactions and balances are represented by the following:

(In thousands Saudi Riyals) (Unaudited)			
Related parties	Nature of transactions	Transactions during the period	Balance as at projected balance sheet date
American Insurance Company	- Technical services agreement fees	2,912	728
Chartis Memsa Holdings	- Technical services agreement fees	1,855	464
	- Reinsurance premiums ceded	26,588	-
	- Reinsurance commission	(9,120)	-
	- Reinsurers' share of claims	(6,461)	-
	- Reinsurers' balances payable	-	5,317

3-20 MATHEMATICAL RESERVE

The Mathematical reserve for credit life represents the reserve for claims that the Company will be obligated to pay in the future due date. Basic assumptions for life include the average premium, nominal value, acquisition cost and maintenance, inflation, general consultation return account, cause and deaths. The calculation is based on actuarial module, which agrees with the previous experience of actual experience with products.

4. USE OF ASSUMPTIONS AND ESTIMATES IN RELATION TO THE WORKING CAPITAL STATEMENT

4-1 PROJECTED WORKING CAPITAL

Working capital was projected based on the following basis:

Assumptions related to current assets:

Reinsurers share of outstanding claims

The average number of days of the due amounts to be outstanding over the agreement period is 60 days.

Insurance premiums and receivables

Represent receivables and it is assumed to represent 15% of the gross written premiums for the twelve months period.

Deferred policy acquisition costs

It is assumed that acquisition costs will be 11.4% of the gross written premiums. Certain acquisition costs related to the issuing of new insurance policies, are recorded as deferred acquisition costs and amortized to the income statement over the related insurance coverage period. In case of the assumptions related to the future profitability of these insurance policies is not achieved, the amortization of these costs can be accelerated. This may require making additional amortization to the income statement.

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Assumptions related to current liabilities:

Unearned insurance premiums

19.5% of the written premium (time proportional basis)

Outstanding claims

It is assumed that the average number of days of the outstanding claims is 100 days from gross claims.

All assumptions related to the working capital are based on the technical knowledge and management's previous experience with the market in the Kingdom of Saudi Arabia.

4-2 STATUTORY DEPOSIT

In compliance with the Saudi Regulations for cooperative insurance, the Company has to deposit 10 percent of its share capital, amounting to SR 17.5 million in a bank designated by the Saudi Arabian Monetary Agency within three months from the issuance of the license. **4-3 FIXED ASSETS**

The management has predicted that the capital expenditures by the founding shareholders are as follows:

	(In thousands Saudi Riyals) (Unaudited)		
	Spent by the founding shareholders	Expected additions	The twelve months following directly the date of announcement of the prospectus
Furniture and fixtures	915	-	915
Leasehold improvements to the leased buildings	3,207	-	3,207
Computers and software	9,527	-	9,527
Total fixed assets (at cost)	13,649	-	13,649
Less: depreciation	-	(3,168)	(3,168)
Total fixed assets (at carrying value)	13,649	(3,168)	10,481

4-4 SHARE CAPITAL

	For the twelve months following directly the date of announcement of the prospectus In thousands Saudi Riyals (Unaudited)
Capital paid by the founding shareholders	122,500
Expected capital from the initial public offering	52,500
	175,000

4-5 STATUTORY RESERVE

In accordance with the Saudi regulations for companies, the Company shall allocate 20% of the shareholders' net income as a statutory reserve until the reserve equals 100% of the paid capital. It is expected that the Company will incur losses during the projections' period, Hence, no transfer has been made to the statutory reserve.



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