

RIGHTS ISSUE PROSPECTUS

Offering of 17,500,000 Shares through a rights issue at an Offer Price of SAR 10 per New Share at nominal price resulting in an increase in Share Capital of SAR175,000,000 (100% of the existing share capital)

First Offering Phase: Tuesday 21/05/1437 H (corresponding to 01/03/2016 G) to Thursday 01/06/1437 H (corresponding to 10/03/2016 G)

Second Offering Phase: From Sunday 04/06/1437 H (corresponding to 13/03/2016 G) To Tuesday 06/06/1437 H (corresponding to 15/03/2016 G)

MetLife AIG ANB Cooperative Insurance Company (the "Company") is a Saudi Joint Stock Company, established in accordance with the Ministerial Resolution No. 119, dated 13/04/1431H (corresponding to 29/03/2010G), the Royal Decree No. M/22, dated 15/04/1431H (corresponding to 31/03/2010G) and SAGIA License No. (22-24-1029331) dated 22/10/1433H (Corresponding to 09/09/2012G). The company registered as public company under the Commercial Registration No. 1010391438 issued in Riyadh on 22/12/1434H (corresponding to 27/10/2013G) and its duly registered in Riyadh.

The current Share Capital ("Share Capital") of the Company is one hundred seventy five million Saudi Riyals (SAR 175,000,000) consisting of seventeen million five hundred thousand (17,500,000) Ordinary Shares with a nominal value of ten Saudi Riyals (SAR 10) each (the "Existing Shares" with each is an "Existing Share"). As at the date of this Prospectus ("the Prospectus"), there are three Substantial Shareholders of the Company, these are American Life Insurance Company ("ALICO") owning 30%; Arab National Bank ("ANB") owning 29.9% and AIG MEA Investments and Services Company ("AIG MEA") owning 10%.

The Board of Directors recommended in its meeting convened on 08/07/1436H (corresponding to 27/04/2015G) to increase the Company's Share Capital from one hundred seventy five million Saudi Riyals (SAR 175,000,000) to three hundred fifty million Saudi Riyals (SAR 350,000,000) after obtaining the necessary regulatory approvals. The Company received SAMA approval to increase its Share Capital wide letter No. 361000144425, dated 16/11/1436H (corresponding to 01/09/2015G).

The Company's Extraordinary General Meeting ("EGM") held on Monday 13/05/1437 H (corresponding to 22/02/2016 G), has approved the increase of Share Capital through rights issue ("Rights Issue"). The Rights Issue consists of the issuance of seventeen million five hundred thousand (17,500,000) Ordinary New Shares (the "New Shares" or "Rights Issue Shares") at an Offer Price of ten Saudi Riyals (SAR 10) per share ("Offering Price") to increase the Company's Share Capital from one hundred seventy five million Saudi Riyals (SAR 175,000,000) to three hundred fifty million Saudi Riyals (SAR 350,000,000), divided into thirty five million (35,000,000) Ordinary Shares at a nominal value of ten Saudi Riyals (SAR 10) per share.

The Rights will be issued as tradable securities (referred to collectively as the "Rights" and each a "Right") to Shareholders registered in the Company's Shareholders Register as at the close of trading on the date of the EGM being Monday 13/05/1437 H (corresponding to 22/02/2016 G), (the "Eligibility Date"). Each Shareholder is referred to as ("Registered Shareholder") and collectively as ("Registered Shareholders"), provided that such Rights are deposited in the Registered Shareholders' accounts within two (2) days of the Eligibility Date in the ratio of (1) Rights for every one share held as of the Eligibility Date. Each Right grants its holder the eligibility to subscribe for one New Share at the Offer Price.

Registered Shareholders and other investors (institutional and individuals) may trade the Rights on the Saudi Stock Exchange ("Tadawul" or the "Exchange") during the period from Tuesday 21/05/1437H (corresponding to 01/03/2016G), until the close of trading on Thursday 01/06/1437 H (corresponding to 10/03/2016 G), (the "Trading Period").

The Offering is fully underwritten by Saudi Hollandi Capital (the "Underwriter") (see section 16 titled "Underwriting" for details). The Company intends to use these proceeds to to cover solvency requirements based on the current and future needs. (see section 11 titled "Use of Proceeds" for details).

The subscription for the New Shares will be in two phases as follows:

First Offering Phase (Phase 1): From 21/05/1437 H (corresponding to 01/03/2016 G) until the end of the day on 01/06/1437H (corresponding to 10/03/2016G) (the "First Offering Phase"), during which only Registered Shareholders may exercise their Rights to subscribe (in whole or in part) for the New Shares up to the number of Rights deposited in their accounts after the EGM. The subscription for the New Shares will be approved, subject to the number of Rights available in the relevant account at the end of the Trading Period (the "Trading Period"). The First Offering Phase coincides with the Trading Period during which Registered Shareholders and all institutional and individual investors may trade in the Rights. The Registered Shareholders may subscribe to additional shares after purchasing additional Rights during the Trading Period. These additional shares that can be subscribed to as a result of the purchase of the new rights may only be subscribed to during the Second Offering Phase.

Second Offering Phase (Phase 2): From 04/06/1437 H (corresponding to 13/03/2016 G) until the end of the day on 06/06/1437 H (corresponding to 15/03/2016 G) (the "Second Offering Phase"), during which all Rights holders, whether Registered Shareholders or purchasers of Rights during the Trading Period (referred to collectively as "Eligible Persons", and each an "Eligible Person"), may exercise their Rights to subscribe.

Subscription Application Forms may be submitted during both the First Offering Phase and Second Offering Phase at any of the branches of the Receiving Agents (the "Receiving Agents") listed in pages (ix) of this Prospectus.

In the event that any New Shares remain unsubscribed for in the First Offering Phase and Second Offering Phase (the "Rump Shares"), they will be offered to a number of Institutional Investors (referred to as "Institutional Investors"), provided that such Institutional Investors shall submit offers to purchase the Rump Shares. Receipt of such offers will start at 10:00 AM on 11/06/1437 H (corresponding to 20/03/2016 G) until 10:00 AM on 12/06/1437 H (corresponding to 21/03/2016 G) (the "Rump Offering"). The Rump Shares will be allocated to Institutional Investors giving priority to the highest price of the offers until all of the Rump Shares have been allocated, with the Rump Shares being proportionally allocated among Institutional Investors that tendered offers at the same price. Fractional Shares will be added to the Rump Shares and treated in the same manner. All proceeds resulting from the sale of Rump Shares and Fractional Shares up to the paid Offer Price shall be distributed to the Company and any proceeds in excess of the paid Offer Price shall be distributed to the Eligible Persons (who did not subscribe wholly or partially for New Shares, as well as the holders of Fractional Shares) on pro rata basis no later than 22/06/1437 H (corresponding to 31/03/2016 G).

In the event that the Rump Shares are not purchased by the Institutional Investors, such shares will be allocated to the Underwriter, who will purchase the same at the Offer Price (see section 19 titled "Subscription Terms and Conditions" for details). After the completion of the Offering, the Company's share capital will become three hundred fifty million Saudi Riyals (SAR 350,000,000) and the number of the Company's Shares will be thirty five million (35,000,000). The Company intends to use these proceeds to cover the solvency requirements based on current and future requirements (see section 11 titled "Use of Proceeds" for details). The final allocation will be announced no later than 15/06/1437 H (corresponding to 24/03/2016 G) (the "Allocation Date") (see section 19 titled "Subscription Terms and Conditions" for details).

The Company has only one class of Shares and no Shareholder has any preferential voting rights. The New Shares will be fully paid and will rank identically with the Existing Shares. Each Share entitles its holder to one vote and each shareholder with at least twenty (20) Shares has the right to attend and vote at the General Assembly Meetings ("General Assembly Meeting") of the Company. The New Shares will be entitled to receive their portion of any dividends declared by the Company, if any, effective the their date of issuance and following financial years (see section 8 titled "Dividends Distribution Policy" and section 2 titled "Risk Factors" for details).

The Company listed seventeen million five hundred thousand (17,500,000) ordinary shares on 23/01/1435H (corresponding to 26/11/2013G) on the Saudi Stock Exchange (the "Exchange" or "Tadawul"). The Founding Shareholders subscribed for 70% of the Company's Share Capital while the remaining 30% had been offered to the Public.

Currently, the Company's Existing Shares are traded on Tadawul. The Company has made an application to the Capital Market Authority in the Kingdom of Saudi Arabia (the "Authority" or the "CMA") for the admission of the New Shares to the Official List. Approval of this Prospectus has been granted and all requirements have been met. Trading in the New Shares is expected to commence on the Exchange soon after the final allocation of the New Shares and refund (see "Key Dates for Subscribers" for details). Following the commencement of trading in the New Shares, Saudi nationals and residents, GCC nationals, Saudi companies, banks and funds, GCC companies and establishments, foreign investors from outside the Kingdom (through swap agreements or as qualified investors) will be allowed to trade in the Shares. The foreign investors and approved client may trade in the company's shares in accordance with the regulations for investment in listed shares by qualified foreign financial institutions. The «Important Notice» and «Risk Factors» sections 2 of this Prospectus should be read in whole and carefully by all eligible investors prior to making a decision to invest in the New Shares offered hereby.

Financial Advisor, Lead Manager and Underwriter



Receiving Agents



This Prospectus includes information given in compliance with the Listing Rules issued by the CMA in the Kingdom of Saudi Arabia. The Directors, whose names appear on page v, jointly and severally 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 Prospectus, 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 Prospectus is dated 14/05/1437 H (corresponding to 23/02/2016 G).

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.



Important Notice

This Prospectus provides details of information relating to the Company and the Offered Rights Issue Shares. When applying for the Rights Issue Shares, investors 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 Company, the Lead Manager and branches of the Receiving Agents or by visiting the CMA's website: www.cma.org.sa, the Lead Manager's website: www.shc.com.sa or the company's website: www.metlifaiganb.com

The Company has appointed Saudi Hollandi Capital ("SHC") to act as the Financial Advisor, Lead Manager and Underwriter in relation to the Rights Issue of Offer Shares referred to herein.

This Prospectus includes information given in compliance with Listing Rules issued by the Capital Market Authority ("Authority" or the "CMA") under resolution No 3-11-2004G on 20/08/1425H (corresponding to 04/10/2004G), revised by the CMA's Board resolution No. 1-36-2012 on 11/01/1434H (corresponding to 25/11/2012G) ("Listing Rules"). The Directors, whose names appear on page v, jointly and severally, accept full responsibility for the accuracy of the information contained in this Prospectus and confirm, having made all reasonable enquiries that to the best of their knowledge and belief, there are no other facts, the omission of which would make any statement herein misleading. The Authority and the Saudi Stock Exchange (the "Exchange" or "Tadawul") do not take any responsibility for the contents of this Prospectus, do not make any representation as to its accuracy or completeness, and expressly disclaim any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of this Prospectus.

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 none of the Company, its Directors, Financial Advisor, or the Company's advisors, whose names appear on pages iv to viii of this Prospectus (the "Advisors"), 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 Offer Shares may be adversely affected by future developments in inflation, interest rates, taxation or other economic and political factors, over which the Company has no control. Neither the delivery of this Prospectus nor any oral, written or printed interaction in relation to the Offering is intended to be, nor should be construed as or relied upon in any way as, a promise or representation as to future earnings, results or events.

This Prospectus is not to be regarded as a recommendation on the part of the Company or any of the Advisors 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 professional advice of a CMA's licensed financial consultant in relation to the Offering and must rely on their own examination of the Company and the appropriateness of both the investment opportunity and the information herein with regard to the recipient's individual objectives, financial situation and needs.

The Offering is directed at the rights-holders during the period from 21/05/1437 H (corresponding to 01/03/2016 G) until the end of the day on 06/06/1437 H (corresponding to 15/03/2016 G) provided that the subscription in the New Shares shall be carried out through two phases:

(a) First Offering Phase: from Tuesday 21/05/1437 H (corresponding to Thursday 01/03/2016 G) until the end of the day on Thursday 01/06/1437 H (corresponding to 10/03/2016 G) during which only Registered Shareholders may exercise their Rights to subscribe (in whole or in part) for the New Shares up to the number of Rights deposited in their accounts after the EGM. The subscription for the New Shares will be approved, subject to the number of Rights available in the relevant account at the end of the Trading Period. The First Offering Phase coincides with the Trading Period during which the Registered Shareholders and all institutional and individual investors may trade in the Rights. The Registered Shareholders may subscribe to additional shares after purchasing additional Rights during the Trading Period. These additional shares that can be subscribed to as a result of the purchase of the new rights may only be subscribed to during the Second Offering Phase.

(b) Second Offering Phase: from Sunday 04/06/1437 H (corresponding to 13/03/2016 G) until the end of the day on Tuesday 06/06/1437 H (corresponding to 15/03/2016 G), during which all Eligible Persons, whether Registered Shareholders or institutional/individual investors who purchased Rights during the Trading Period, may exercise their Rights to subscribe. No trading of Rights shall take place in this period.

In the event that any Shares remain unsubscribed for after the Second Offering Phase, they will be offered to a number of Institutional Investors, provided that such Institutional Investors shall submit offers to purchase the Rump Shares. Receipt of such offers will start at 10:00am on 11/06/1437 H (corresponding to 20/03/2016 G) until 10:00am on 12/06/1437 H (corresponding to 21/03/2016 G). The Rump Shares will be allocated to Institutional Investors giving priority to the price of the offers until all of the Rump Shares have been allocated, with the Rump Shares being proportionally allocated among Institutional Investors that tendered offers at the same price. Fractional Shares will be added to the Rump Shares and treated in the same manner. Subscription price for rump offering shares will not be less than the offering price, If the sale price of the unsubscribed shares is higher than the Offer Price, the difference (if any) shall be distributed as compensation to rights holders who have not partially or totally exercised their rights on pro rata of their held shares. The amounts resulting from the sale of Rump Shares and Fractional Shares in excess of the paid Offer Price shall be distributed to the Eligible Persons on a pro rata basis no later than 22/06/1437 H (corresponding to 31/03/2016 G).

Industry and Market Data

In this Prospectus, information and data regarding Saudi economy and insurance industry has been obtained from reliable sources. The Company has exerted reasonable effort to verify such information. Although the Company or its board members have no reason to believe that any of the information or data relating to insurance sector or market are not essentially accurate, the Company, its Directors, SHC or any of its advisors whose names appear in pages (vii & viii) of this Prospectus have not verified such information independently and hence no representation is made with respect to the accuracy or completeness of any of this information. The sources of market and industry information mainly include:

Saudi Insurance Market Survey Report 2014G issued by SAMA

Saudi Arabian Monetary Agency
Ma'athar Street, P.O. Box 2992, Riyadh 11169
Saudi Arabia
Tel: +966 11 4633000
Fax: +966 11 4663966
Website: www.sama.gov.sa
Email: info@sama.gov.sa



The information obtained from SAMA is publicly available and obtainable from the internet; therefore no consent has been pursued to use such information.

Report of Swiss Reinsurance Company ("Swiss Re")

Swiss Reinsurance Company (Swiss Re)

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 twenty five (25) countries and publishes a range of reports on insurance markets worldwide. These reports are publicly available and obtainable from their website.

The information obtained from Swiss Re report for year 2014G 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 has any interest in the Company.

Financial and Statistical Information

The audited financial statements for 2014G (covering the extended period of operations starting from 29 August 2013G to 31 December 2014G) and the reviewed financial statements for the nine months period ending 30th September 2015G and the notes thereto have been prepared based on IFRS and audited or reviewed in conformity with the standards issued by the Saudi Organization for Certified Public Accountants ("SOCPA"). The Company publishes its financial statements in Saudi Arabian Riyals ("SAR"). The audit for 2014G had been conducted by Deloitte & Touche Bakr Abulkhair & Co. and Ernst & Young while the financials for nine months ended 30th September 2015G have been reviewed by Al-Bassam & Al-Nemer Allied Accountants and Aldar Audit Bureau Abdullah Al Basri & Company.

Forecasts and Forward Looking Statements

Forecasts 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. The Company confirms that information included in this Prospectus has been prepared based on due care.

Certain statements in this Prospectus constitute "forward-looking-statements". Such statements can generally be identified by their use of forward-looking words such as "plans", "estimates", "believes", "expects", "may", "will", "should", or "are expected", "would be", "anticipates" or the negative or other variation of such terms or comparable terminology. These forward-looking statements reflect the current views of the Company and its management with respect to future events, and are not a guarantee of future performance. Many factors could cause the actual results, performance or achievements of the Company to be significantly different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements. Some of the risks and factors that could have such an effect are described in more detail in other sections of this Prospectus (see section 2 titled "Risk Factors" for details). Should any one or more of the risks or uncertainties materialize or any underlying assumptions prove to be inaccurate or incorrect, actual results may vary materially from those described in this Prospectus as anticipated, believed, estimated, planned or expected.

Subject to the requirements of the Listing Rules, the Company must submit a supplementary prospectus to the CMA if at any time after the Prospectus has been approved by the CMA and before admission to the Official List, the Company becomes aware that: (1) there has been a significant change in material matters contained in the Prospectus or any document required by the Listing Rules, or (2) additional significant 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 these 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 these explanations and should not place undue reliance on forward-looking statements.

Corporate Directory

Board of Directors

| Name | Position | Age | Nationality | Representing | Direct Shareholding* | Indirect Shareholding | Classification |
|-----------------------------|-------------------|-----|-------------|--------------|----------------------|-----------------------|-------------------------------|
| Ramzi Kanaan Abukhadra | Chairman | 49 | Saudi | Public | None | None | Non-executive/Independent |
| Lama Khalid Al Hajj Ibrahim | Director | 42 | Saudi | ALICO | None | None | Non-executive/Non-Independent |
| Julio Garcia Villalon | Director | 52 | Spanish | ALICO | None | None | Non-executive/Non-Independent |
| Youil Dib Homsí | Director | 56 | Lebanese | ALICO | None | None | Non-executive/Non-Independent |
| Carl Tachdjian | Managing Director | 40 | Lebanese | ALICO | None | None | Executive/Non-Independent |
| Robert Maroun Eid | Director | 62 | Lebanese | ANB | None | None | Non-executive/Non-Independent |
| Suleiman Saud Al-Sayyari | Director | 64 | Saudi | Public | 5,000 0.03% | None | Non-executive/Independent |
| Abdul Mohsen Ibrahim AlTouq | Director | 42 | Saudi | Public | None | None | Non-executive/Independent |
| Khalid Hamad Alyahya | Director | 57 | Saudi | Public | None | None | Non-executive/Independent |
| Asif Iqbal | Director | 42 | British | AIG MEA | None | None | Non-executive/Non-Independent |
| Vacant** | | | | | | | |

Source: the Company

*Excluding Mr. Suleiman Al Sayyari who owns 5,000 shares as his personal investment in the Company the Founding Shareholders have allocated 1,000 shares for each director as qualification shares required under Article 68 of the Companies Law.

**Abdullah Ali Al Khalifa (representative of ANB) resigned from his board position on 12/07/2015G (corresponding to 25/09/1436H). The company is in process of filling this vacancy and ANB has identified a replacement for submission to the Board for approval and thereafter obtain no objection letter from SAMA on his appointment. However, SAMA's approval has not been obtained up to the date of this prospectus. The company intends to appoint the replacement during the coming EGM if SAMA's approval been obtained. This news will be announced in Tadawul Website.

Note: Article (11) of the company's by-laws requires retention of a minimum of five thousand (5,000) shares to serve as guarantee for director's contracts with the company which are subject to approval by the ordinary general assembly. The retention right includes the share of the retained shares in due dividends. As of the date of this prospectus, no shares have been retained for such purpose since there is no direct contract or transaction between the company and its directors. Moreover neither the directors, executives, board secretary nor any of their relatives has a direct or indirect interest in the company as of the date of this prospectus.

Company Address, Board Secretary and Representatives

The Company:

MetLife AIG ANB Cooperative Insurance Company

12th Floor, Al-Ebdaa Tower - King Fahad Road, Olaya District,
P.O. Box: 56437, Riyadh 11554, Kingdom of Saudi Arabia

Tel: +966 11 5109300

Fax: +966 11 5109396

Email: info@metlifeaiganb.com

Website: www.metlifeaiganb.com



Secretary to Board of Directors:

Tarek Chami

12th Floor, Al-Ebdaa Tower - King Fahad Road, Olaya District,
P.O. Box: 56437, Riyadh 11554, Kingdom of Saudi Arabia

Tel: +966 11 5109310

Fax: +966 11 5109396

Email: tarek.chami@metlifeaiganb.com

Website: www.metlifeaiganb.com



Company's Authorized Representative (1):

Carl Tachdjian

Chief Executive Officer

12th Floor, Al-Ebdaa Tower - King Fahad Road, Olaya District,
P.O. Box: 56437, Riyadh 11554, Kingdom of Saudi Arabia

Tel: +966 11 5109300

Fax: +966 11 5109397

Email: carl.tachdjian@metlifeaiganb.com

Website: www.metlifeaiganb.com

Company's Authorized Representative (2):

Ramzi Kanaan Abu Khadra

Board Member

Suite No. 1, Second Floor

Injaz Office Building

Anas bin Malek Street, King Abdulaziz Road,

Riyadh, Kingdom of Saudi Arabia

Tel: +966 11 4763311

Cell: +966 568578737

Email: ramzi.abukhadra@mayaasim.com

Capital Market (Stock Exchange)

Tadawul

Tawuniya Towers

700 King Fahd Road

P.O. Box 60612, Riyadh 11555

Kingdom of Saudi Arabia

Tel: +966 11 218 9999

Fax: +966 11 218 1260

Customers' Care: +966 11 218 9090

Email: info@tadawul.com.sa

www.tadawul.com.sa



Principal Bankers

Arab National Bank

King Faisal Street
P. O. Box 56921
Riyadh 11564
Kingdom of Saudi Arabia
Tel: +966 11 402 9000
Fax: +966 11 402 7747
E-mail: ashamim@anb.com.sa
Website: www.anb.com.sa



Saudi British Bank (SABB)

Prince Abdul-Aziz Bin Musaid Bin Jalawi (Dhabab Street)
P.O. Box 9084 Riyadh 11413
Saudi Arabia
Tel: +966 11 405 0677
Fax: +966 11 405 0660
E-mail: sabb@sabb.com
Website: www.sabb.com



The Saudi Investment Bank

Maathar Street
P. O. Box 3533, Riyadh 11431
Kingdom of Saudi Arabia
Tel: +966 (11) 478 6000
Fax: +966 (11) 477 6781
Email: ir@saib.com.sa
www.saib.com.sa



Banque Saudi Fransi

Al Maathar Street, Riyadh
P.O. Box 56006, Riyadh 11554
Kingdom of Saudi Arabia
Tel: +966 11 404 2222,
Fax: +966 11 402 2311
E-mail: communications@alfransi.com.sa
Website: www.alfransi.com.sa



Samba Financial Group

King Abdul Aziz Road - Riyadh
P.O. Box 883, Riyadh 11421
Saudi Arabia
Tel: +966 11 477 4770
Fax: +966 11 479 9402
E-Mail: customercare@samba.com
Website: www.samba.com



Advisors

Financial Advisor, Lead Manager and Underwriter

Saudi Hollandi Capital

Olaya Street
P.O. Box: 1467, Riyadh 11431
Tel: +966 11 416 3133
Fax: +966 11 416 3133 Ext 5308
E-mail: info@shc.com.sa
Website: www.shc.com.sa



Legal Advisor to the Offering

Shearman & Sterling LLP in affiliation with Abdulaziz Alassaf & Partners Law Firm

Kingdom Tower, Floor 24th
King Fahd Road, P.O. Box 90217
Riyadh 11613
Kingdom of Saudi Arabia
Tel: +966 11 2112000
Fax: +966 11 2112727
E-mail: info@sa.shearman.com
Website: www.shearman.com

عبدالعزیز العساف و مشارکوه محامون ومستشارون بالتعاون
بالتعاون مع شيرمن و سترلنغ ل.ل.ب.
SHEARMAN & STERLING LLP
IN ASSOCIATION WITH ABDULAZIZ ALASSAF & PARTNERS

Financial Due Diligence Advisor

KPMG AlFozan & AlSadhan

KPMG Tower, Salahudeen Al Ayoubi Road
P.O. Box 92876 Riyadh 11663
Kingdom of Saudi Arabia
Tel: +966 11 8758600
Fax: +966 11 8758600
Website: www.kpmg.com.sa
Email: advisorysa@kpmg.com



Auditors

Al Bassam and Al Nemer (Allied Accountants)

Building 17, Office 7, King Abdullah Road,
P.O. Box 28355, Riyadh 11482
Kingdom of Saudi Arabia
Tel: +966 11 2395353
Fax: +966 11 2395454
E-mail: Not available
Website: www.aacpa-sa.com



Aldar Audit Bureau Abdullah Al Basri & Co.

Al Mousa Complex, Tower 4, 7th Floor, Olaya Road,
P.O. Box 2195, Riyadh 11451,
Kingdom of Saudi Arabia
Tel: +966 11 4630680
Fax: + 966 11 4645939
Email: info@aldaraudit.com
Website: www.aldaraudit.com



Advisors

Actuary

Lux Actuaries & Consultants

21 Nuetel Building, Amwaj Island
P.O. Box: 50912 Al-Hidd, Muharraq
Kingdom of Bahrain
Tel: +973 77 00 5464
E-mail: ruan@luxactuaries.com
Website: www.luxactuaries.com



All of the Advisors above have given and not withdrawn their written consent to the publication of their names and logos in the Prospectus; and do not themselves have any shareholding or interest of any kind in the Company, nor do any of their relatives or affiliates.

Receiving Agents



Arab National Bank

King Faisal Street
P. O. Box 56921, Riyadh 11564
Kingdom of Saudi Arabia
Tel: +966 11 402 9000
Fax: +966 11 402 7747
E-mail: ashamim@anb.com.sa
Website: www.anb.com.sa



The National Commercial Bank

King Abdul Aziz Road Jeddah
P.O. Box 3555, Jeddah 21481
Saudi Arabia
Tel: +966 (21) 649 3333
Fax: +966 (11) 643 7426
Website: www.alahli.com
E-Mail : contactus@alahli.com



Riyad Bank

King Abdulaziz Road
P.O. Box 22622, Riyadh 11614
Kingdom of Saudi Arabia
Tel: +966 11 401 3030
Fax: +966 11 404 2618
E-mail: customercare@riyadbank.com
Website: www.riyadbank.com

Summary of the Offering

| | | | | | | |
|---------------------------------|---|---------------|---------------|-------------|---------------------------|--------------------------|
| The Company | MetLife AIG ANB Cooperative Insurance Company, a Saudi joint stock company established in accordance with Royal Decree No. M/22 dated 15/04/1431H (corresponding to 31/03/2010G). The Company operates under Commercial Registration No. 1010391438 issued from Riyadh, Saudi Arabia. | | | | | |
| Summary of Company's activities | The Company is engaged in providing cooperative insurance services and all ancillary business in accordance with the provisions of Cooperative Insurance Companies Control Law, Implementing Regulations and all applicable laws and regulations in the Kingdom of Saudi Arabia. | | | | | |
| Founding Shareholder | Founding Shareholders of the Company are as follows: | | | | | |
| | Shareholders | | Nationality | Shares | Ownership | |
| | American Life Insurance Company | | American | 5,250,000 | 30.00% | |
| | Arab National Bank | | Saudi | 5,240,000 | 29.94% | |
| | Chartis Memsah Holdings (now known as AIG MEA Investment and Services Company) | | American | 1,750,000 | 10.00% | |
| | Abdullatif Bin Hamad Mohamed AlJabr | | Saudi | 5,000 | 0.03% | |
| | Salah Rashed Abdulrahman AlRashed | | Saudi | 5,000 | 0.03% | |
| | It is worth mentioning that pursuant to the Shareholders Agreement (detailed in Section 14 "Legal Section"), the Founding Shareholders agreed that Abdullatif Bin Hamad Mohamed Al-Jabr and Salah Rashed Abdulrahman Al-Rashed will each have 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 the expiration of the Statutory Lock-in Period and after obtaining the prior written approval of SAMA and the CMA. | | | | | |
| Substantial Shareholders | There are three substantial Shareholders in the Company who hold 5% or more of the Company's total shares, namely: | | | | | |
| | Name | Nationality | No. of Shares | Value (SAR) | Ownership before Offering | Ownership after Offering |
| | American Life Insurance Company | American | 5,250,000 | 52,500,000 | 30.00% | 30.00% |
| | Arab National Bank | Saudi (Mixed) | 5,240,000 | 52,400,000 | 29.94% | 29.94% |
| | AIG MEA Investment and Service Company | American | 1,750,000 | 17,500,000 | 10.00% | 10.00% |

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| Number of New Shares to be Underwritten | Seventeen million five hundred thousand (17,500,000) Ordinary Shares |
| Total value of New Shares to be underwritten | One seventy five million Saudi Riyals (SAR 175,000,000) |
| Use of the Offering proceeds | The gross proceeds of the Offering are estimated to be One seventy five million Saudi Riyals (SAR 175,000,000). The Offering expenses, including the fees of the Financial Advisor and Legal Advisors to the Offering, Reporting Accountants, and the media and public relations consultants, as well as the Underwriter fees, Receiving Agent's expenses, marketing expenses, printing and distribution expenses and other related expenses of six million Saudi Riyals (SAR 6,000,000) will be deducted from the gross proceeds. The net proceeds of the Offering will be used by the Company to maintain the minimum solvency requirements and the Company's capital as required by the provisions of the Law on Supervision of Cooperative Insurance Companies and its executive by-laws. Shareholders will not receive any part of these proceeds (see section titled "Use of Proceeds" for details). |
| Eligibility Date or Record Date | Close of trading on the day of the EGM held on Monday 13/05/1437 H (corresponding to 22/02/2016 G). |
| Allocation Date | The shares will be allocated on Thursday 15/06/1437 H (corresponding to 24/03/2016 G). |
| Registered Shareholders | Shareholders registered in the Company's Register as at the close of trading on the day of the EGM which will vote on the Board of Directors recommendation to the increase of capital on Monday 13/05/1437 H (corresponding to 22/02/2016 G). |
| Rights Issue | The Rights are issued as tradable securities giving their holders the right to subscribe for the New Shares at the Offer Price, upon approval of the capital increase. All shareholders registered in the Company's Register at the end of the day of the EGM will be entitled to receive Rights. Each Right grants its holder, the eligibility to subscribe for one (1) New Share at the Offer Price. The Rights will be deposited within two (2) days after the date of the EGM. The Rights will appear in the accounts of the Registered Shareholders under a new symbol specifying the Rights Issue. The Registered Shareholders will be informed of the deposit of the Rights in their accounts. |
| New Shares | The ordinary Shares offered for subscription by Registered Shareholders resulting from the Capital increase of the Company. |
| Rights Issue Ratio | 1 Rights for every 1 Existing Share owned by a Registered Shareholder. This ratio is the outcome of dividing the number of New Shares by the number of the Company's Existing Shares. |
| Number of Issued Rights | Seventeen million five hundred thousand (17,500,000) Rights |
| First Offering Phase | The Period from Tuesday 21/05/1437 H (corresponding to 01/03/2016 G) until the end of the day on Thursday 01/06/1437 H (corresponding to 10/03/2016 G) during which only Registered Shareholders may exercise their Rights to subscribe (in whole or in part) for the New Shares up to the number of Rights deposited in their accounts after the EGM. The subscription for the New Shares will be approved, subject to the number of Rights available in the relevant account at the end of the Trading Period. The First Offering Phase coincides with the Trading Period during which Registered Shareholders and all institutional and individual investors may trade in the Rights. |
| Trading Period | From Tuesday 21/05/1437 H (corresponding to 01/03/2016 G) until the end of the day on Thursday 01/06/1437 H (corresponding to 10/03/2016 G) during which Registered Shareholders and all institutional and individual investors may trade the Rights. |

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| Second Offering Phase | The period from Sunday 04/06/1437 H (corresponding to 13/03/2016 G) until the end of the day on Tuesday 06/06/1437 H (corresponding to 15/03/2016 G) during which all Rights' holders whether Registered Shareholders or institutional and individual investors who purchased Rights during the Trading Period, may exercise their Rights to subscribe in New Shares. No trading of Rights shall take place in this period. |
| Subscription Procedure | Eligible Persons who intend to subscribe for the New Shares shall complete the Subscription Application Form and submit it to the branches of the Receiving Agents during business hours of the First Offering Phase or the Second Offering Phase (as applicable). Subscription may also be made through internet, phone banking or ATM channels of the Receiving Agents that provide such services, provided that (1) Eligible Shareholders have a valid banking account with the Receiving Agent through which the subscription is made and (2) No amendment has been introduced to data related to the subscriber (by addition or deletion any of the family members) since the latest offering that was subscribed for, unless this amendment has been communicated to and approved by the Receiving Agent. |
| Rump Shares | The New Shares which were not subscribed for during the First Offering Phase and the Second Offering Phase. |
| Rump Offering | The Rump Shares will be offered to a number of Institutional Investors provided that such Institutional Investors shall submit offers to purchase the Rump Shares. Receipt of such offers will start at 10:00am on 11/06/1437 H (corresponding to 20/03/2016 G) until 10:00am on 12/06/1437 H (corresponding to 21/03/2016 G). The Rump Shares will be allocated to Institutional Investors giving priority to the price of the offers until all of the Rump Shares have been allocated, with the Rump Shares being proportionally allocated among Institutional Investors that tendered offers at the same price. Fractional Shares will be added to the Rump Shares and treated in the same manner. |
| Eligible Persons | All holders of Rights whether they are Registered Shareholders or institutional and individual investors who purchased Rights during the Trading Period. |
| Listing of/Trading in the Rights Issue | <p>Tadawul is preparing mechanisms regulating the trading of the Rights in its system. A separate symbol will be given to MetLife AIG ANB Insurance Company's Rights Issue (separate from the MetLife AIG ANB Insurance's trading symbol for the existing Shares on the Tadawul screen). Registered Shareholders shall have the following options during the offering and trading period of the trading of the Rights:</p> <p>Keeping the Rights as at the Eligibility Date and exercising their Rights to subscribe therein;</p> <p>Selling the Rights or a part thereof through Tadawul;</p> <p>Purchasing additional Rights on Tadawul; or</p> <p>Refraining from taking any action relating to the Rights, whether selling the Rights or exercising the Right to subscribe for the same. The Rump Shares resulting from not exercising the Rights or selling the same will be offered in the Rump Offering.</p> <p>The Registered Shareholders and all institutional and individual investors may, during the Trading Period, purchase and sell Rights through Tadawul and (provided the Rights are held until the end of the Trading Period) may exercise such Rights to subscribe for New Shares, only during the Second Offering Phase. The Tadawul system will cancel the Company's Rights symbol on the Tadawul screen after the end of the Trading Period. Therefore, the Rights trading will end with the end of the Trading Period.</p> |
| Indicative Value of the Right | <p>The indicative value of a Right reflects the difference between the market price of the Company's Share during the Trading Period and the Offer Price.</p> <p>Tadawul will continuously calculate and publish the indicative value of a Right during the Trading Period on its website with a 5 minute delay. The market information service providers will also publish this information. This will allow investors to be informed of the indicative value of a Right when entering the orders.</p> |
| Right Trading Price | The price at which the Right is traded. This price is set through the market offer and demand mechanism; therefore, it may differ from the Indicative Value of the Right. |

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| Exercising the Issued Rights | <p>Eligible Persons may subscribe for New Shares by completing a Subscription Application Form and paying the relevant subscription amount at the Receiving Agent's branches or by subscribing electronically through the Receiving Agents offering such services to subscribers. Eligible Persons may exercise their Rights as follows:</p> <p>During the First Offering Phase, only Registered Shareholders may exercise their Rights to subscribe (in whole or in part) for the New Shares up to the number of Rights deposited in their accounts after the EGM. The subscription for the New Shares will be approved, subject to the number of Rights available in the relevant account at the end of the Trading Period. The First Offering Phase coincides with the Trading Period during which Registered Shareholders and all institutional and individual investors may trade in the Rights. The Registered Shareholders may subscribe to additional shares after purchasing additional Rights during the Trading Period. These additional shares that can be subscribed to as a result of the purchase of the new rights may only be subscribed to during the Second Offering Phase.</p> <p>During the Second Offering Phase, all Rights' holders, whether the Registered Shareholders or the purchasers of Rights during the Trading Period may exercise their Rights to subscribe. No trading of Rights shall take place in this period.</p> <p>In the event that Rights have not been exercised by Eligible Persons before the end of the Second Offering Phase, the Rump Shares resulting from the unexercised Rights or failure to sell the Rights will be offered in the Rump Offering.</p> |
| Shares Allocation | <p>New Shares will be allocated to each investor according to the number of Rights subscribed for in a complete and correct manner. (Fractional Shares will be collected and offered to Institutional Investors during the Rump Offering).</p> <p>All proceeds resulting from the sale of Rump Shares and Fractional Shares up to the paid Offer Price shall be distributed to the Company and any proceeds in excess of the paid Offer Price shall be distributed to the Eligible Persons (who did not subscribe wholly or partially for New Shares, as well as to the holders of Fractional Shares) on pro rata basis no later than Thursday 22/06/1437 H (corresponding to 31/03/2016 G) (see section 19 titled "Subscription Terms and Conditions" for details).</p> |
| Payment of Compensation Amounts (if any) | <p>Cash compensation amounts will be paid to Eligible Persons (who did not subscribe wholly or partially for New Shares, as well as to the holders of Fractional Shares) no later than Thursday 22/06/1437 H (corresponding to 31/03/2016 G). (see section 19 titled "Subscription Terms and Conditions" for details). Compensation amounts represent remaining sale proceeds resulting from the Rump Shares and Fractional Shares (in excess of the paid Offer Price).</p> |
| Shares' Dividends | <p>The Offer Shares will be entitled to receive their portion of any dividends declared by the Company from the date of shares issuance and for the following financial years (see section 8 titled "Dividends Distribution Policy" for details).</p> |
| Voting Rights | <p>The Company has only one class of Shares. No Shareholder shall have any preferential rights. Each of the Shares entitles its holder to one vote. Each Shareholder with at least 20 (twenty) shares has the right to attend and vote at the General Assembly Meeting.</p> |
| Shares Trading | <p>Trading in the New Shares on Tadawul is expected to start after completion of all formalities related to registration, allocation and listing of the Offer Shares.</p> |
| Risk Factors | <p>There are certain risks relating to an investment in the Offering. These risks can be generally categorized into (i) risks related to the Company; (ii) risks related to the insurance market and the legal and regulatory environment in the KSA; and (iii) risks related to the Rights Issue Shares. These risks should be considered carefully prior to making an investment decision in the Rights Issue Shares (see section 2 titled "Risk Factors" for details)</p> |
| Previously listed Shares | <p>The Company had listed 17,500,000 Ordinary Shares on 26/11/2013G (corresponding to 23/01/1435H) on Tadawul. The Founding Shareholders subscribed for 70% of the Company's share capital while the remaining 30% were subscribed for by the public.</p> |

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| <p>Restrictions for the Shares</p> | <p>The Company was incorporated on 27/10/2013G (Corresponding to 22/12/1434H) and the lock-in period for the Founding Shareholders has not been elapsed. The lock-in period for the Founding Shareholders will be elapsed upon announcing the financial results of the Company for three (3) years and each year being not less than twelve (12) 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 approvals from CMA and SAMA.</p> <p>The Founding Shareholders of the Company have given SAMA a commitment to subscribe to all the New Shares that they are eligible to under this Offering.</p> |
| <p>Restrictions for the Rights</p> | <p>There are no restrictions on subscription by the Founding Shareholders for the Rights Issue shares. The Founding Shareholders (ALICO, AIG and ANB) provided commitment letters to subscribe for their full share in the Rights. In case any of the substantial shareholders who holds 5% or more of the Company's shares is willing to acquire additional Rights during the first phase of the Offering, they shall abide by the following according to the Implementing Regulations of the Cooperative Insurance Companies Control Law:</p> <ol style="list-style-type: none"> 1. The Company's must report to SAMA through a quarterly report prepared by it of any shareholding by any person of 5% or more of the Company's shares. 2. Every person who owns 5% or more of the shares of the Company must inform SAMA in writing of its ownership percentage, and of any change thereof within five working days from the date of such a change. <p>After elapse of the restrictions period referred to above herein above under "Restriction for the shares", the Substantial Shareholders must obtain the approval of SAMA prior to the disposition of their shares.</p> |

The "Important Notice" and "Risk Factors" section 2 in this Prospectus should be considered carefully by investors prior to making any investment decision.

Key Dates for Eligible Persons

| Event | Date |
|---|--|
| Date of EGM, setting the Eligibility Date and determination of Registered Shareholders | 13/05/1437 H (corresponding to 22/02/2016 G) |
| First Offering Phase and the Trading Period | 21/05/1437 H (corresponding to 01/3/2016 G) to 01/06/1437 H (corresponding to 10/03/2016 G) |
| Second Offering Phase | 04/06/1437 H (corresponding to 13/03/2016 G) to 06/06/1437 H (corresponding to 15/03/2016 G) |
| End of the Offering Period and deadline for submitting Subscription Applications Forms | 06/06/1437 H (corresponding to 15/03/2016 G) |
| Start of Rump Offering Period | 11/06/1437 H (corresponding to 20/03/2016 G) |
| End of Rump Offering Period | 12/06/1437 H (corresponding to 21/03/2016 G) |
| Final Allocation Notification for all subscribers | 15/06/1437 H (corresponding to 24/03/2016 G) |
| Payment of Compensation Amounts (if any) for Eligible Persons who did not participate in the Offering and those entitled to Fractional Shares | 22/06/1437 H (corresponding to 31/03/2016 G) |
| Expected Date for the commencement of trading in the Offer Shares | 18/06/1437 H (corresponding to 27/03/2016 G) |

The above timetable and all dates therein are indicative. Actual dates will be communicated through local newspapers published in KSA as well as on Tadawul's website www.tadawul.com.sa

Key Announcement Dates

| Announcement | Announcing Party | Announcement Date |
|--|------------------|--|
| Announcement regarding the EGM (Eligibility Date) | Company | 14/05/1437 H (corresponding to 23/02/2016 G) |
| Announcement regarding the EGM outcome, including the approval of the Company's capital increase | Company | 14/05/1437 H (corresponding to 23/02/2016 G) |
| Announcement regarding the change in Company's share price, Rights' deposit and announcement regarding the Indicative Value of the Right | Tadawul | 14/05/1437 H (corresponding to 23/02/2016 G) |
| Announcement regarding the Offering Period and the Trading Period | Company | 14/05/1437 H (corresponding to 23/02/2016 G) |
| Reminder announcement regarding the start of the First Offering Phase and the Trading Period | Company | 21/05/1437 H (corresponding to 01/03/2016 G) |
| Reminder announcement on the last trading day for the Trading Period and the importance of selling Rights for those not willing to exercise such Rights | Tadawul | 01/06/1437 H (corresponding to 10/03/2016 G) |
| Announcement regarding the commencement of the Second Offering Phase | Company | 04/06/1437 H (corresponding to 13/03/2016 G) |
| Reminder announcement about the last day for submitting Subscription Application Forms for the Second Offering Phase | Company | 06/06/1437 H (corresponding to 15/03/2016 G) |
| Announcement regarding the outcome of the First Offering Phase and the Second Offering Phase. Details of the sale of unsubscribed Shares, if any, and commencement of the Rump Offering Period | Company | 08/06/1437 H (corresponding to 17/03/2016 G) |
| Announcement regarding the outcome of the Rump Offering and notification of the final allocation | Company | 15/06/1437 H (corresponding to 24/02/2016 G) |
| Announcement regarding the deposit of New Shares in the investors' accounts | Tadawul | 18/06/1437 H (corresponding to 27/03/2016 G) |
| Announcement regarding the payment of compensation amounts (if any) to Eligible Persons | Company | 18/06/1437 H (corresponding to 27/03/2016 G) |

The above timetable and all dates therein are indicative. Actual dates will be communicated through local newspapers published in KSA as well as on Tadawul's website www.tadawul.com.sa.

How to Apply

Subscribing for the New Shares shall initially be limited to Eligible Persons. In the event that Eligible Persons do not subscribe for the New Shares, the unsubscribed shares shall be offered to Institutional Investors through the Rump Offering.

Eligible Persons who intend to subscribe for the New Shares shall complete the Subscription Application Form available at branches of the Receiving Agents during business hours of the First Offering Phase or the Second Offering Phase (as applicable). Subscribers shall submit the completed forms to any of the Receiving Agents prior to the end of the Second Offering Phase (even if they do not have bank account thereat). Subscription may also be made through internet, phone banking or ATM channels of the Receiving Agents that provide such services provided that the eligible Shareholders have a valid banking account with the Receiving Agent through which the subscription is made and the subscriber's information is duly updated.

Subscription Application Forms must be completed in accordance with the instructions mentioned under the section 16 titled "Subscription Terms and Conditions" of this Prospectus. The Company reserves the right to reject, in full or in part, any application for New Shares that does not comply with any of the Subscription Terms and Conditions. No amendment or withdrawal can be made to the Subscription Application Form after submission to the Receiving Agents. Once accepted by the Company, a Subscription Application Form shall represent a legally binding contract between the Company and the Eligible Person (see section 19 titled "Subscription Terms and Conditions" for details).

Q & A about the Rights Issue Mechanism

What is a Rights Issue?

A Rights Issue is an offering of tradable securities that give their holders the right to subscribe for New Shares upon approval of the capital increase of the Company. They are acquired rights for all Registered Shareholders in the Company's Register as at the close of trading on the date of the EGM. Each Right grants its holder, the eligibility to subscribe for one New Share at the Offer Price.

Who is granted the Rights?

The Rights are granted to all Registered Shareholders in the Company's Register as at the close of trading on the date of the EGM.

When are the Rights deposited?

The Rights are deposited within two days after the EGM. The Rights will appear in the accounts of Registered Shareholders under a new symbol that designates these Rights. These Rights cannot be traded or exercised by the Registered Shareholders until the beginning of the First Offering Phase.

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

The Registered Shareholders are notified through an announcement on Tadawul's website.

How many Rights can be acquired by a Registered Shareholder?

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

What is the Rights Issue ratio?

It is the ratio that permits the Registered Shareholder to know how many Rights he/she is entitled to in relation to the Shares that he/she already owned on the date of the EGM. For example, if a company issues 1,000 shares and increases its capital by offering 200 new shares, its number of shares becomes 1,200. Then, the ratio is 1 to 5 (one new share for every five existing shares).

Are these Rights tradable and will they be added to the Shareholders accounts under the same name/symbol as the Company's shares; or will they be assigned a new name?

The Rights will be deposited in Shareholders' accounts under a new symbol specially assigned to the Rights.

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

The opening price of the Right is the difference between the closing price of the Shares on the day preceding such listing of the Right, and the Offer Price. For example, if the closing price of a share on the preceding day is thirty-five Saudi Riyals (SAR 35) and the Offer Price is ten Saudi Riyals (SAR 10), the opening price of the Rights will be thirty five (35) minus ten (10), i.e. twenty-five Saudi Riyals (SAR 25).

Can Registered Shareholders subscribe for additional shares?

Registered Shareholders can subscribe for additional shares by purchasing new Rights during the Trading Period. These Rights can be exercised to subscribe for the new additional shares only during the Second Offering Phase.

How does the Offering take place?

The Offering will take place as it currently does by submitting Subscription Application Forms at any of the Receiving Agents' branches or other channels (subject to certain conditions as mentioned in this Prospectus) and only during the First Offering Phase and the Second Offering Phase.

Can Shareholders subscribe more than once through more than one receiving bank?

Yes, provided that the number of shares subscribed to should not exceed the number of Rights held at the end of the Trading Period otherwise the subscription application will be cancelled.

If the Company's Shareholder owns Shares in more than one portfolio, in which portfolio will the Rights be deposited?

Rights will be deposited to the same portfolio where the related Shares exist i.e.; if a shareholder owns one thousand (1,000) shares in the company, eight hundred (800) of them in portfolio A and two hundred (200) in portfolio B the total number of Rights to be deposited are one thousand (1000) Rights (1 Rights per Share). In this case eight hundred (800) Rights will be deposited in portfolio A and two hundred (200) Rights will be deposited in portfolio B.

In case of subscription through more than one receiving entity, where will the New Shares be deposited after allocation?

Shares will be deposited to the portfolio given under the first Subscription Application Form.

Are share certificate holders allowed to subscribe and trade?

Yes, they are allowed to subscribe. However, they will only be able to trade after depositing their certificates in investment accounts through the Receiving Agents or the Tadawul's depository center and submitting the requisite documents.

What happens if New Shares are subscribed for, and then the Rights have been sold after that?

If a Registered Shareholder subscribes, then sells the Rights without purchasing a number of Rights equal to the number of exercised Rights prior to the end of the Offering Period, then the Subscription Application Form will be rejected entirely, if all Rights have been sold, or partly in an amount equal to the number of sold Rights. In this case, the Registered Shareholder will be notified by its Receiving Agent and the rejected offering amount will be refunded.

Are additional Rights purchasers entitled to trade them once again?

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

Is it possible to sell part of these Rights?

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

Is it possible to subscribe during the weekend between the First Offering Phase and the Second Offering Phase?

No, that is not possible.

When can the shareholder subscribe to the Shares he/she is eligible to subscribe for due to the Rights purchased during the Trading Period?

Such shares can be subscribed only during the Second Offering Phase and after the end of Trading Period.

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

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

What happens to Rights that are unsold or unsubscribed for during the Trading Period as well as the First Offering Phase and the Second Offering Phase?

The Rump Shares resulting from a failure to exercise or sell these Rights will be offered during the Rump Offering, organized by the Lead Manager according to the terms set forth in this Prospectus.

Will there be any additional fees for the trading in Rights?

The same commissions applying to the Shares will also apply on sale and purchase of Rights, without a minimum commission being imposed.

Summary of Key Information

This summary is a brief overview of the information contained in this Prospectus and does not contain all of the information that may be important to Subscribers. Recipients of this Prospectus should read the whole Prospectus before making a decision as to whether or not to invest in the New Shares. Certain terms contained in this Prospectus have been defined in the section 1 titled “Definitions and Abbreviations” of this Prospectus.

Company Background

The major Founding Shareholders of the Company are American Life Insurance Company (ALICO) and Chartis Mems Holdings (whose trade name has been changed on 15/12/2014G to AIG MEA Investment and Services) and both of them are American companies in addition to Arab National Bank (ANB) which is a mixed Saudi company. Due to existence of these founding shareholders required referral of incorporation file to Saudi Arabian General Investment Authority (“SAGIA”) for approval. The company has obtained SAGIA’s license number (1029331024022) dated 22/10/1433H (corresponding to 09/09/2012G). In accordance with Article (3) of the Insurance Regulations, the company established in accordance with Royal Decree No. M/22 dated 15/04/1431H (corresponding to 31/03/2010G) and Ministerial Resolution No. (119) dated 13/04/1431H (Corresponding to 29/08/2013G) and SAMA’s License No. (MAL/35/20142) dated 26/04/1435H (Corresponding to 26/02/2014G). The company has been licensed to engage in insurance business which includes: (1) General Insurance (2) Medical Insurance, and (3) Protection & Saving Insurance. The company operates in accordance with the Law for Control of Cooperative Insurance Companies and its Implementing Regulations as well as the Law of Foreign Investment and other prevailing regulations in the Kingdom under the supervision of SAMA. The Company has been registered as a public joint stock company under Commercial Registration Certificate number (1010391438) issued in Riyadh on 12/22/1434H (corresponding to 27/10/2013G) and registered in the register of Riyadh.

The share capital of the Company is one hundred seventy five million Saudi Riyals (SAR 175,000,000) consisting of seventeen million five hundred thousand shares (17,500,000) with a nominal value of SAR 10 each, all of which are fully paid.

On 03/06/1435H (corresponding to 03/04/2014G), the Company commenced insurance operations after obtained temporary approval from SAMA to sell and market the first set of 22 general insurance products.

The Company changed its name from “American International Group & Arab National Bank Cooperative Insurance Company” to “MetLife AIG ANB Cooperative Insurance Company” on 09/09/1434H (corresponding to 08/07/2013G) following the approval in the Constituent General Assembly meeting.

The company’s shares have been listed and traded at the Saudi Capital Market (“Tadawul”) effective 23/01/1435H (Corresponding to 26/11/2013G). The Company’s board of directors has recommended on 08/07/1436H (Corresponding to 27/04/2015G) to increase the company’s share capital through issuance of rights issue shares in accordance with CMA’s Regulations and its Implementing Regulations.

The company has obtained final approval under SAMA’s letter No. (361000144425) to increase its share capital by One Hundred Seventy Five Million (175,000,000) Saudi Riyals to become Three Hundred Fifty Million (350,000,000) Saudi Riyals.

The Company’s Extraordinary General Meeting held on 13/05/1437 H (corresponding to 22/02/2016 G), has approved the increase of Share Capital through Rights Issue. The Rights Issue consists of the issuance of seventeen million five hundred thousand (17,500,000) Ordinary New Shares (the “New Shares” or “Rights Issue Shares”) at an Offer Price of ten Saudi Riyals (SAR 10) per share (“Offering Price”) to increase the Company’s Share Capital from one hundred seventy five million Saudi Riyals (SAR 175,000,000) to three hundred fifty million Saudi Riyals (SAR 350,000,000), divided into thirty five million (35,000,000) Ordinary Shares at a nominal value of ten Saudi Riyals (SAR 10) per share.

Company’s 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.

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.

Company's 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 endeavor 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 re-insurance. 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.

Shareholding Structure of the Company

The following table summarizes the current shareholding of the Company as at the date of this Prospectus:

| Shareholders | No. of Shares | Value (SAR) | Shareholding Percentage |
|-------------------------------------|-------------------|--------------------|-------------------------|
| American Life Insurance Company | 5,250,000 | 52,500,000 | 30.00% |
| Arab National Bank | 5,240,000 | 52,400,000 | 29.94% |
| AIG MEA Investments and Services | 1,750,000 | 17,500,000 | 10.00% |
| Abdullatif Bin Hamad Mohamed AlJabr | 5,000 | 50,000 | 0.03% |
| Salah Rashed Abdulrahman AlRashed | 5,000 | 50,000 | 0.03% |
| Public | 5,250,000 | 52,500,000 | 30.00% |
| Total | 17,500,000 | 175,000,000 | 100.00% |

Source: Company

Products & Services

The objective of the Company is to engage in cooperative insurance activities in addition to all related activities such as 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.

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.

The Company has obtained (Final & Temporary) Approvals on the following main insurance services and products:

| Fully Approved Products | | | | |
|---|---|----------------------------------|--------------------------------|--------------------|
| Key Business Segments | Product | Status (as of 30 September 2015) | SAMA Approval Letter Reference | Approval Date |
| (Employee Benefit) Group Life Products | Group Life | Fully Approved | 351000140932 | 11 September 2014G |
| Group Medical | Group CCHI Medical | Fully Approved | 351000140928 | 11 September 2014G |
| Motor | Motor TPL | Fully Approved | 361000130592 | 28 July 2015G |
| | Motor Comprehensive | Fully Approved | 361000130641 | 28 July 2015G |
| | Motor Comprehensive Commercial Fleet | Fully Approved | 361000130651 | 28 July 2015G |
| SME | Retail | Fully Approved | 361000152242 | 17 September 2015G |
| | Clinicare | Fully Approved | 361000152244 | 17 September 2015G |
| | Educare | Fully Approved | 361000152256 | 17 September 2015G |
| | Office | Fully Approved | 361000152262 | 17 September 2015G |
| | Food & Beverage | Fully Approved | 361000152266 | 17 September 2015G |
| | Personal Care | Fully Approved | 361000152269 | 17 September 2015G |
| Accident and Health | Circles of Protection | Fully Approved | 371000012427 | 11 November 2015G |
| Credit Life and Saving Insurance | Credit Life and Saving Insurance | Fully Approved | 371000013745 | 15 November 2015G |
| Property Insurance | Property Terrorism Insurance product | Fully Approved | 371000028904 | 20 December 2015 |
| Contractors Plant and Machinery Insurance | Contractors Plant and Machinery Insurance | Fully Approved | 371000031028 | 24 December 2015 |

Source: the Company

| Temporary Approved Products | | | | | | |
|-----------------------------|--|----------------------------------|--------------|------------------|------------------------|-------------------|
| Key Business Segments | Product | Status (as of 30 September 2015) | SAMA Letter | Initial Approval | Extension granted from | Approval Validity |
| Marine Insurance | Marine Cargo Annual Open Cover | Temporary Approval | 361000152226 | 3 April 2014G | 14 September 2015G | 13 March 2016G |
| | Marine Cargo Specific Policy | Temporary Approval | 371000002602 | 8 October 2015G | 8 October 2015G | 7 April 2016 |
| Financial Lines | Director's and Officer's Liability | Temporary Approval | 361000152481 | 3 April 2014G | 14 September 2015G | 13 March 2016G |
| | Financial Institutions Professional Indemnity | Temporary Approval | 361000152305 | 3 April 2014G | 14 September 2015G | 13 March 2016G |
| | Plastic Cards Insurance | Temporary Approval | 361000152272 | 3 April 2014G | 14 September 2015G | 13 March 2016G |
| Casualty | Comprehensive General Liability Insurance | Temporary Approval | 361000152273 | 3 April 2014G | 14 September 2015G | 13 March 2016G |
| | Workmen's Compensation / Employers Liability Insurance | Temporary Approval | 361000152276 | 3 April 2014G | 14 September 2015G | 13 March 2016G |
| Commercial Property | Property All Risk Insurance + Business Interruption | Temporary Approval | 361000152239 | 3 April 2014G | 14 September 2015G | 13 March 2016G |
| | Electronics Equipment Insurance | Temporary Approval | 371000002604 | 8 October 2015G | 8 October 2015G | 7 April 2016 |
| | Machinery Breakdown + Loss of Profits Insurance | Temporary Approval | 371000002608 | 8 October 2015G | 8 October 2015G | 7 April 2016 |
| Energy & Engineering | Contractors all Risks | Temporary Approval | 361000152238 | 3 April 2014G | 14 September 2015G | 13 March 2016G |
| | Erection All Risks Insurance | Temporary Approval | 361000152340 | 3 April 2014G | 14 September 2015G | 13 March 2016G |
| Home & Plus Products | Home Care | Temporary Approval | 361000152346 | 3 April 2014G | 14 September 2015G | 13 March 2016G |
| | Plus Products (Personal Line Plus) | Temporary Approval | 361000152227 | 3 April 2014G | 14 September 2015G | 13 March 2016G |
| | Extended Warranty | Temporary Approval | 361000152235 | 3 April 2014G | 14 September 2015G | 13 March 2016G |
| | Home Alone | Temporary Approval | 361000152358 | 3 April 2014G | 14 September 2015G | 13 March 2016G |
| | Tenant Shield | Temporary Approval | 361000152229 | 3 April 2014G | 14 September 2015G | 13 March 2016G |
| | | | | | | |
| Travel | Group Travel | Temporary Approval | 361000152352 | 3 April 2014G | 14 September 2015G | 13 March 2016G |
| | Travel Guard | Temporary Approval | 361000152336 | 3 April 2014G | 14 September 2015G | 13 March 2016G |

Source: the Company

| Products Under SAMA's Review | | |
|------------------------------|--|----------------------------------|
| Key Business Segments | Product | Status (as of 30 September 2015) |
| Individual Life Insurance | Individual Life Protection Plan | Under SAMA's review |
| | Insta Protect Insurance | Under SAMA's review |
| | Variable Universal Life | Under SAMA's review |
| Travel | Travel Guard Airline | Under SAMA's review |
| Financial Lines | Single Project Professional Indemnity (SPPI) | Under SAMA's review |
| | 3D Crime Insurance | Under SAMA's review |
| Environmental Liability | Pollution Legal Liability | Under SAMA's review |
| Trade Credit | Trade Credit Insurance | Under SAMA's review |

Source: the Company

| Products Request to be Submitted | | |
|----------------------------------|------------------------|----------------------------------|
| Key Business Segments | Product | Status (as of 30 September 2015) |
| Marine Insurance | Project Cargo | Request to be submitted |
| | Marine Liability | Request to be submitted |
| | Carriers Liability | Request to be submitted |
| SME | Property owners | Request to be submitted |
| Financial Line | Professional Indemnity | Request to be submitted |
| | Commercial Crime | Request to be submitted |
| | Kidnap & Ransom | Request to be submitted |

Source: the Company

Overview of the Saudi Economy¹

The Saudi economy continued its growth during 2014G as a result of ongoing government spending on development projects and continuous structural and regulatory reforms aimed at achieving sustainable economic growth through diversifying the production base and increasing the contribution of non-oil sector.

GDP at constant prices (base year 2010G) grew by 3.5% to SAR 2,431.9 billion in 2014G compared to a growth of 2.7% in 2013G. The oil sector GDP increased by 1.5% to SAR 1,037.6 billion, while the non-oil sector GDP grew by 5% to SAR 1,374.3 billion. The growth rate of the non-oil private sector GDP went up by 5.6% to SAR 959.6 billion, while that of the non-oil government sector rose by 3.7% to SAR 414.7 billion in 2014G.

The development policies of the government continued achieving the goals outlined in the 9th Development Plan during the years 2010-2014G. This was clearly reflected in the rise in real GDP growth rates, particularly in the economically-efficient activities such as industrial activities (manufacturing industry and petrochemicals), services industry and the reduction in inflation rates and unemployment. It was also reflected in the ability of the economic policies of the government to overcome the spillovers of the financial crisis and its repercussions manifested in the slowdown of the world economic growth.

Middle Eastern & North African Insurance Market Overview

The insurance industry in the Middle Eastern and North African (MENA) countries is still in its nascent stages, compared with other advanced world economies as it is characterized with low penetration & density rates and to some extent weakness of legislative regulations compared to the developed economies.

During the past five years, the insurance sector witnessed strong growth rates in the region. Although these growth rates are important, the region still has a long way to go before becoming a mature insurance sector. It is expected that the movement of MENA countries economics, government's efforts to develop legislative regulations and increased investments will have a positive impact on the insurance sector and ensure continuous growth in the coming years.

¹ Source: SAMA

Saudi Arabia and UAE are the two major markets in the MENA region and together these constitute around 44% of the total GWP in MENA countries in 2014G. In Saudi Arabia, the premium growth of 21% in 2014G was supported by the relatively stable economic environment and strong growth in recently introduced compulsory lines. Premiums written in health insurance, the biggest line of business, were up by 22% from 14% growth in 2013G, as the minimum limit for coverage was doubled. Motor premium growth remained strong at 26%, although lower than the 36% registered in 2013G. In the UAE, GWP grew by an estimated 13% in 2014G, mainly driven by a strong growth in medical insurance premiums, the fastest growing line of business there.

Saudi Insurance Market Overview²

There were 35 listed insurance companies operating in Saudi Arabia as of 30th September 2015G. The market is mainly dominated by three major players (Tawuniya, Bupa and Medgulf) who had underwritten 51.2% of the gross written premiums in 2014G, while the remaining 48.8% is distributed among the rest of the companies.

The overall insurance Gross Written Premiums increased by SAR 5.24 billion to reach at SAR 30.48 billion in 2014G, compared to SAR 25.24 billion in 2013G, which represents a growth of 21%.

Health insurance remained the biggest line of business in 2014. Its contribution to total GWP slightly increased from 51% in 2013G to 52% in 2014G, while General insurance's contribution to total business volume decreased to 45% in 2014G. Health insurance accounted for SAR 2.8 billion of the SAR 5.24 billion increase in 2014G, which represents a 53% contribution to the market's GWP increase.

Protection and Savings insurance remained the smallest line of business accounting for 3% of total GWP, with an increase in its written premiums by 7% in 2014G over 2013G.

Insurance penetration, defined as Gross Written Premiums divided by the total GDP, has increased at a CAGR of 3.0% during the last five years (2010-2014G). In 2014G, insurance penetration increased to 1.1%, up from 0.9% in 2013G.

The Company's Strengths

There are a number of factors that give the Company an advantage over its competitors and provide a platform for future growth. These competitive advantages include:

- 1- Diverse Shareholders Base
- 2- Strong Global and Regional Presence of Technical Partners
- 3- Access to Technical know-how and Global Clients of MetLife and AIG
- 4- Efficient and Advanced Management Information Systems
- 5- Reinsurance agreements with first class reinsurers
- 6- A wide range of insurance services and products
- 7- Qualified and Experienced Management Team

Summary of Risk Factors

Risk factors related to the Rights Issue Offering can be summarized as follows:

- 1- Risks related to the Company's operations
- 2- Risks related to the insurance sector and regulatory environment
- 3- Risks related to the Offer Shares

2 Source: SAMA

Summary of Financial Performance and Indicators as of 30th September 2015

The following summary of the financial statements is based on the audited financial statements for the extended periods for sixteen months ended 31st December 2014G and the unaudited comparative financial statements for the nine months periods ended 30th September 2014G and 2015G:

Balance Sheets

| SAR in 000's | As at 31 December 2014G Audited | As at 30 September 2015G Unaudited | Increase/ (Decrease) |
|---|---------------------------------|------------------------------------|---|
| | | | Δ 31 December 2014G to 30 September 2015G |
| Insurance operations' assets | 21,920 | 432,592 | 1,873.5% |
| Shareholders' assets | 121,975 | 104,476 | (14.3%) |
| Total assets | 143,895 | 537,068 | 273.2% |
| Insurance operations' liabilities | 21,920 | 432,592 | 1,873.5% |
| Shareholders' liabilities | 1,286 | 7,878 | 512.5% |
| Shareholder's equity | 120,689 | 96,599 | (20.0%) |
| Total Insurance operations' liabilities and accumulated deficit and shareholders' liabilities and equity | 143,895 | 537,068 | 273.2% |

Source: Company's Financial Statements

Note: The Company changed its statutory auditors in 2015G. The new auditors adopted different classifications for certain line items. Accordingly, certain components of insurance operations' assets at 31 December 2014 presented differently in the audited financial statements of 2014G and the reviewed financial statements for the period ended on 30 September 2015G.

Income Statements

| SAR in 000's | Audited | Unaudited | Unaudited | Increase/ (Decrease) |
|-----------------------------------|--------------------------------------|---------------------------------|---------------------------------|--|
| | 29 August 2013G to 31 December 2014G | 1 January to 30 September 2014G | 1 January to 30 September 2015G | Δ nine months 2014G to nine months 2015G |
| Gross written premiums | 5,741 | 1,988 | 111,109 | 5,488.3% |
| Reinsurance premium ceded | (4,108) | (1,297) | (42,519) | 3,177.6% |
| Excess of loss premiums | - | - | (290) | na |
| Net written premiums | 1,633 | 691 | 68,299 | 9,784.5% |
| Net changes in unearned premiums | (1,335) | (561) | (57,018) | 10,062.3% |
| Net earned premiums | 299 | 130 | 11,281 | 8,584.9% |
| Reinsurance commission earned | 172 | 34 | 2,663 | 7,846.2% |
| Other underwriting income | 1 | - | 1,059 | na |
| Underwriting revenue | 471 | 163 | 15,003 | 9,081.2% |
| Gross claims paid | - | - | (19,821) | na |
| Reinsurers' share of claims paid | - | - | 16,864 | na |
| Net claims paid | - | - | (2,957) | na |
| Net changes in outstanding claims | (288) | (97) | (6,469) | 6,540.3% |
| Net claims incurred | (288) | (97) | (9,426) | 9,575.9% |

| SAR in 000's | Audited | Unaudited | Unaudited | Increase/ (Decrease) |
|--|--|---------------------------------------|---------------------------------------|--|
| | 29 August 2013G to 31 December 2014G | 1 January to 30 September 2014G | 1 January to 30 September 2015G | Δ nine months 2014G to nine months 2015G |
| Commissions incurred | (137) | (35) | (1,948) | 5,394.3% |
| Other direct underwriting expenses | (38) | (10) | (447) | 4,391.5% |
| Doubtful debt expense | (91) | (77) | (1,446) | 1,776.7% |
| Underwriting expenses | (554) | (220) | (13,267) | 5,933.8% |
| Underwriting results | (82) | (56) | 1,735 | (3,172.5%) |
| General and administration expenses | (20,203) | (12,550) | (25,036) | 99.5% |
| Net deficit from insurance operations | (20,286) | (12,607) | (23,301) | 84.8% |
| Shareholders' appropriation from deficit | 20,286 | 12,607 | 23,301 | 84.8% |
| Net result for the period | - | - | - | - |
| Key performance indicators | | | | |
| Loss ratio | 96.2% | 75.0% | 76.4% | |
| Expense ratio | 6,786.7% | 9,730.5% | 212.4% | |
| Combined ratio | 6,882.9% | 9,805.5% | 288.8% | |
| Reinsurance cession ratio | 71.6% | 65.2% | 38.3% | |

Source: Company's Financial Statements

Note: The Company changed its statutory auditors in 2015G. The new auditors adopted different classifications for certain line items. Accordingly, certain components of Statement of Insurance Operations and Accumulated Surplus including commissions incurred, policy acquisition costs and doubtful debt reserve for 31 December 2014 are presented in line with the new classification adopted by the Company for the nine months period ended 30 September 2015.

Cash Flow Statements

| SAR in 000's | Audited | Unaudited | Unaudited | Increase/ (Decrease) |
|---|---|--|--|--|
| | 29 August 2013G to 31 December 2014G | 1 January to 30 September 2014G | 1 January to 30 September 2015G | Δ nine months 2014G to nine months 2015G |
| Operating activities | | | | |
| Net loss before Zakat | (43,671) | (18,173) | (23,541) | 29.5% |
| Adjustment for: | | | | |
| Appropriation of deficit from insurance operations | 20,286 | 12,607 | 23,301 | 84.8% |
| Depreciation | 2,979 | 576 | - | na |
| Special commission income | (793) | (606) | (325) | (46.4%) |
| Dividends | - | - | (339) | - |
| Employees' terminal benefits | - | 57 | - | na |
| | (21,199) | (5,540) | (904) | (83.7%) |
| Changes in operating assets and liabilities | | | | |
| Statutory deposit | (17,500) | (17,500) | (175) | (99.0%) |
| Due from insurance operations | (16,551) | (9,536) | (11,743) | 23.2% |
| Prepaid expenses and other assets | (4) | 1,414 | (56) | (103.9%) |
| Payables, accruals and others | 1,286 | (1,185) | (488) | (58.8%) |
| Due to related parties | (5,292) | (32,499) | - | na |
| Zakat paid | (1,243) | - | - | - |
| Net cash used in operating activities | (60,503) | (64,845) | (13,365) | (79.4%) |
| Investing activities | | | | |
| Purchase of property and equipment | (11,742) | (310) | - | na |
| Time deposits | (85,000) | - | 85,000 | na |
| Available for sale investment | (3,175) | (3,175) | - | na |
| Special commission income received | 683 | 518 | 375 | (27.6%) |
| Net cash used in investing activities | (99,234) | (2,967) | 85,375 | (2,977.1%) |
| Financing activities | | | | |
| Issue of share capital | 175,000 | - | - | - |
| Transaction costs on issue of share capital | (4,105) | 399 | - | na |
| Net cash from financing activities | 170,895 | 399 | - | na |
| Increase in cash and cash equivalents | 11,158 | (67,414) | 72,010 | (206.8%) |
| Cash and cash equivalent at the beginning of the period | - | 170,918 | 11,158 | (93.5%) |
| Cash and cash equivalent at the end of the period | 11,158 | 103,504 | 83,168 | (19.6%) |

Source: Company's Financial Statements

Key Performance Indicators

| | 29 August 2013G to 31 December 2014G | 1 January to 30 September 2014G | 1 January to 30 September 2015G |
|--|--|---------------------------------------|---------------------------------------|
| Growth of GWP | na | na | 5,488.3% |
| Net written premiums as a percentage of GWP | 28.4% | 34.8% | 61.5% |
| Reinsurance cession ratio | 71.6% | 65.2% | 38.3% |
| Commission incurred as a percentage of GWP | 2.4% | 1.8% | 1.8% |
| Reinsurance commission earned as a percentage of GWP | 3.0% | 1.7% | 2.4% |
| Loss ratio | 96.2% | 75.0% | 76.4% |
| Expenditure rate | 6,786.7% | 9,730.5% | 212.4% |
| Combined ratio | 6,882.9% | 9,805.5% | 288.8% |
| Net deficit from insurance operations as a percentage of NWP | 1,242.1% | 1,824.5% | 34.1% |
| Number of policies (x) | 84 | 42 | 1,642 |
| Average gross written premiums per policy (SAR'000) | 68 | 47 | 68 |
| Number of claims (x) | | | |
| Accident and liability | - | - | 2 |
| Property | - | - | 2 |
| Marine | - | - | - |
| Engineering | - | - | - |
| Other general insurance | - | - | - |
| Health insurance | - | - | 3,892 |
| Protection & savings | - | - | 12 |

Source: Company's Financial Statements

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1. Definitions & Abbreviations

| Term | Definition |
|--|---|
| AA Rating | A credit rating from Standard & Poor's reflects a high level or high-quality creditworthiness. The negative (-) signal refers to the minimum in the AA group (very low risk) |
| Actuary | A person who conducts various statistical and probability theories whereby insurance services are priced, liabilities are assessed and provisions are calculated |
| Adjusted Written Premium | Calculated by deducting the relevant reinsurance amount of each line of insurance provided that it is not less than 50% of gross written premium |
| Advisors | The Company's advisors whose names appear on page vii |
| AIG | American International Group, Inc. |
| AIG MEA | AIG MEA Investment and Service (formerly known as Chartis Memsa Holding, one of the Founding Shareholders of the Company) |
| ALICO | American Life Insurance Company, a wholly owned subsidiary of MetLife Inc. |
| ANB | Arab National Bank of Saudi Arabia |
| Approved Client | Foreign Investor's Eligible Client duly approved under the Regulations for Eligible Foreign Financial Institutions' Investment in listed shares. |
| Audit Committee | The Audit Committee of the Company |
| Authorized Person | An entity authorized by CMA |
| BBB Rating | A credit rating from Standard & Poor's expresses sufficient capacity to meet the financial obligations, except that in the event of an unfavorable or changing economic conditions, it is likely to lead to an impaired ability to meet financial obligations (average quality) |
| Board or Board of Directors | The Company's board of directors |
| By-Laws or Bylaws | The Company's By-Laws |
| CAGR | Compounded Annual Growth Rate |
| CHIC | Cooperative Health Insurance Council established in accordance with the Cooperative Health Insurance Law issued by Royal Decree No. (M/10), dated 01/05/1420H (13/08/1999G) and amendments thereto |
| CEO | Chief Executive Officer |
| CFO | Chief Financial Officer |
| CHARTIS | Chartis Memsa Holdings (Its trade name has been changed on 15/12/2014G to AIG MEA Investment and Services) |
| CMA or the Authority | Capital Market Authority of Saudi Arabia |
| Companies Regulations or Companies Law | The Companies Regulations issued by Royal Decree No. M/6, dated 22/3/1385H, as amended |
| Control | The ability to influence the actions or decisions of another person, directly or indirectly, alone or in combination with a relative or affiliate, through any of the following: <ul style="list-style-type: none"> • Possession of ratio equals to 30% or more of the voting Rights in the Company • The Right to appoint 30% or more of the members of the management team, and the word "controlling" shall be interpreted accordingly |
| Corporate Governance Regulations | The corporate governance regulations in KSA issued by the CMA under resolution No 2006/212/1 dated 12/10/1427H corresponding to 13/11/2006G and subsequent amendments. |
| Claims Method | Method of calculating the required solvency margin, calculated as follows: <ul style="list-style-type: none"> • Total claims are classified based on historical data for the previous three years in accordance with the Implementing Regulations issued by the Saudi Arabian Monetary Agency • Net premiums calculated for each branch after deducting the share of reinsurance so that it will not fall less than 50% of the total claims of this branch. • The required solvency margin is calculated by multiplying the relative factor by the adjusted net claims |
| Claims Solvency Premium | Average total claims classified according to the different lines of insurance where a specified coefficient should be used for each line in accordance with SAMA's guidelines |
| Credit Rating | An opinion in the level of credit rating for an organization or a security, using codes, letters numbers, or any other form |
| Director or Board Member | For MetLife AIG ANB Insurance, it includes the members of the Board of Directors. For any other company, it includes any director or another senior official whose duties include development and implementation of strategic decisions for the company |

| Term | Definition |
|--|---|
| DZIT | Department of Zakat & Income Tax |
| EGM | The Extraordinary General Assembly Meeting of the Company held on 13/05/1437 H (corresponding to 22/02/2016 G). |
| Eligibility Date or Record Date | 13/05/1437 H (corresponding to 22/02/2016 G).being the date of the EGM where the voting for increase of capital took place |
| Eligible Foreign Investor | Foreign Investor registered at CMA under the regulations for Eligible Foreign Financial Institution investment in listed shares |
| Eligible Person | Any holder of Rights as of the close of trading on the last day of the Trading Period |
| Exercising of Rights | Application for subscription to the New Shares by the Eligible Persons through completion of application forms and payment of the money to the Receiving Entities or through electronic subscription to the Receiving Entities providing such type of service. |
| Existing Shares | Seventeen million five hundred thousand (17,500,000) ordinary shares of the Company with a nominal value of Ten Saudi Arabian Riyals (SAR 10) each |
| Exchange or Tadawul | The Saudi Arabian Stock Exchange |
| Executive Committee | The Executive Committee of the Company |
| Facultative Reinsurance | An optional case-by-case method of reinsurance. The reinsurer has the option to accept or reject the offered risks |
| FIL | Foreign Investment Law |
| Financial Advisor | Saudi Hollandi Capital |
| Financial or Fiscal Year | A Financial Year ending on 31 December of every calendar year |
| Financial Broker | A joint stock company conducts brokerage business and the broker's agent working for the brokerage firm, who conducts all or some of the following: <ul style="list-style-type: none"> • Acts on commercial basis as a broker in securities trading • Submits on commercial basis an offer to others to obtain financial assets in the form of securities • Implements on commercial basis securities transactions for his own account not through issuance of securities, in order to find a market in the securities, or to make a profit resulting from the difference between the supply and demand prices of securities • Conducts on commercial basis acquisition or offering of securities for the issuer, or a person in control of that issuer and • Conducts brokerage on commercial basis including currency swap and securities contracts arrangements |
| First Offering Phase | The period from 21/05/1437 H (corresponding to 01/03/2016 G) to 01/06/1437 H (corresponding to 10/03/2016 G), during which the all Registered Shareholders can subscribe to the New Shares entitled by their Rights |
| Financial Statements | The audited financial statements for 2014G (covering the extended period of operations starting from 29 August 2013G to 31 December 2014G) and the reviewed financial statements for the nine months period ending 30th September 2015G and the notes thereto |
| Founding Shareholder | The Founding Shareholders of the Company are Arab National Bank, American Life Insurance Company, Chartis Mems Holdings (now known as AIG MEA Investment and Services Company), Abdullatif Bin Hamad Mohamed Al-Jabr and Salah Rashed Abdulrahman Al-Rashed whose names appear in Section 4.5. |
| Fractional Shares | Shares corresponding to any fractional Rights entitlement of a Registered Shareholder resulting from rounding down the Registered Shareholder's entitlement of Rights to the nearest whole number of Rights |
| General Assembly or General Assembly Meeting | General Assembly Meeting of Shareholders of the Company |
| GCC | Gulf Cooperation Council |
| GDP | Gross Domestic Product |
| Government | The Government of Saudi Arabia |
| Gross Written Premium or GWP | Gross written premium (whether ceded or not) of insurance policies within certain timeframe without deducting assigned premiums |
| IBNR | Technical Reserves for Incurred But Not Reported claims |
| IFRS | International Financial Reporting Standards |
| Implementing Regulations | The Implementing Regulations for Law on Supervision of Cooperative Insurance Companies promulgated by the ministerial order No. 1/561 dated 01/03/1425H (corresponding to 20/04/2004G). |

| Term | Definition |
|--|---|
| Institutional Investors | Includes the following institutions: <ul style="list-style-type: none"> Publicly Offered Investment Funds established in Saudi Arabia and investing in Saudi Securities provided that the Fund terms and conditions allow and the terms and conditions of the Investment Funds Regulations are observed. Persons authorized by CMA to deal in securities as principal provided that the financial adequacy requirements are observed. Publicly listed companies via their portfolios managed by authorized persons and the banking and the publicly listed insurance companies in compliance with CMA regulations provided that their subscription shall not involve any conflict of interest. |
| Insurance Law or Cooperative Insurance Companies Control Law | Law on Supervision of Cooperative Insurance Companies promulgated by Royal Decree No. M/32 dated 02/06/1424H (corresponding to 31/07/2003G) |
| Insurance | A contractual mechanism based on which pure risk burdens are transferred by sorting and grouping them |
| Insurance Agency | A legal person who represent the insurer against a fee to attract insurance contracts, negotiate their terms and conclude them |
| Insurance Brokers | A legal person who represent an existing or prospective insured person against a commission to attract policies and negotiate their terms |
| Insurance Claims Settlement Specialist | A legal person, who studies and evaluates losses, negotiates settlements on behalf of the insurance company |
| Insurance Density | Total premiums underwritten per capita |
| Insurance Policy | A contract issued to the Insured by the Company setting out the terms of the contract to indemnify the Insured for loss and damages against a premium paid by the Insured |
| Investment Portfolio | An investment instrument that comprises 2 assets or more |
| Insured | A natural person or legal entity, which has entered into an Insurance Policy |
| Insurer | An insurance company that accepts insurance contracts to assume the risk of the insured loss and to compensate for that loss directly to the insured |
| Insurer and Re-insurer | A legal person authorized to provide insurance and re-insurance services or related authorize services in Saudi Arabia, who works for an insurance Company |
| IPO | Initial Public Offering |
| KSA, Saudi Arabia, or the Kingdom | The Kingdom of Saudi Arabia |
| Lead Manager | Saudi Hollandi Capital |
| Legal Advisor | Shearman & Sterling LLP in affiliation with Abdulaziz Alassaf & Partners Law Firm. |
| Listing Rules | The Listing Rules issued by the CMA pursuant to Article 6 of the Capital Market Regulations promulgated under Royal Decree No. M/30 dated 2/6/1424H (corresponding to 31/7/2003G) as amended by CMA's Board Resolution No: 1-4-212 dated 28/02/1433H corresponding to 22/01/2012G. |
| Loss Evaluator | A legal entity that studies insurance risks before insuring-them, studies damages after their occurrence to determine reason, estimate value and define responsibilities |
| Loss Rate | Incurred claim rates to net ceded premiums |
| Major Founding Shareholders | Founding Shareholders of the Company who own more than 5% of the share capital of the Company |
| Management | The management of the Company |
| MetLife Inc. or MetLife | a US based public listed holding company of Metropolitan Life Insurance Company and parent company of American Life Insurance Company |
| MOCI | Ministry of Commerce and Industry in the Kingdom of Saudi Arabia |
| MOMRA | Ministry of Municipality and Rural Affairs |
| Najm | Najm Insurance Company |
| NBK | National Bank of Kuwait |
| Net Acceptable Assets | Assets that inter the account of solvency margin only minus total liabilities according to the Implementing Regulations |
| Net Offering Proceeds | The net proceeds of the Offering, after deducting the Offering expenses |
| Net Written Premium | Gross written premium for a specific period minus assigned premiums to reinsurers during that period |
| New Shares, Offer Shares or Rights Issue Shares | Seventeen million five hundred thousand (17,500,000) ordinary shares of the Company |

| Term | Definition |
|--|--|
| Nominal Value | SAR 10 per Share |
| Nomination Committee or Remuneration Committee | The Nominations & Remuneration Committee of the Company |
| Non-Proportional Reinsurance (surplus loss) | Contractual reinsurance under which the insurer undertakes to support specific risks within the limits of certain amounts exceeding the stated loss amount born by the insurer. The reinsurer undertakes to accept the insurance for the risks attributed thereby |
| Offering Proceeds | Total value of subscribed Shares |
| Offer Shares | 17,500,000 New Ordinary Shares of MetLife AIG ANB Insurance |
| Offer Price | Ten Saudi Arabian Riyals (SAR 10) per Offer Share |
| Official Gazette | Um Al Qura, the official Gazette of the Government of Saudi Arabia |
| Official List | The list of securities maintained by the CMA in accordance with the Listing Rules |
| Offering Period or Subscription Period | The First Offering Phase and the Second offering Phase |
| Outstanding Claims | The claims and accidents, which are still under consideration and not yet settled or paid. They equal the loss amount claimed by the insured based on the policy's insurance amounts |
| Penetration Rate | Total insurance premiums underwritten divided by the GDP |
| Person | A natural person |
| PNA | Palestinian National Authority |
| Policyholders | The persons who, according to the Company's records, are at any given time the holders of insurance policies issued, or acquired by the Company |
| Premium Solvency Margin | The solvency margin calculated by multiplying the specified coefficient for the specific insurance line (according to SAMA guidelines) by the Adjusted Written Premium for each line of insurance and aggregating the results |
| Products | Products and services Provided by the Company |
| Proportional Reinsurance | Service provider incurs a proportion of the loss as much as the benefit obtained from the insurance policy, especially with regard to high-volatile and risky business, so that it does not include life insurance |
| Prospectus | This document prepared by the Company in relation to the Offering |
| Public | Public means in the Listing Rules persons other than the following: <ol style="list-style-type: none"> 1- affiliates of the Issuer; 2- substantial shareholders of the Issuer; 3- directors and senior executives of the Issuer; 4- directors and senior executives of affiliates of the Issuer; 5- directors and senior executives of substantial shareholders of the Issuer; 6- any relative of persons described at (1), (2), (3), (4) or (5) above; 7- any company controlled by any persons described at (1), (2), (3), (4), (5) or (6) above; or 8- persons acting in concert, with a collective shareholding of (5%) or more of the class of shares to be listed. |
| Qualifying Shareholder or Registered Shareholder | Any registered holder of Existing Shares as at the end of trade on Tadawul on the Record Date |
| Rated Party | A legal person whose level of credit worthiness is rated explicitly or implicitly in the credit rating (including the issuer of the security to be rated), whether upon its request or whether it provides the information necessary for rating of its credit worthiness |
| Receiving Agents | Arab National Bank, Riyadh Bank and National Commercial Bank |
| Registered Shareholders | The Company's Shareholders Registered in the Shareholders Register at the end of day on which the EGM is held. |
| Regulations Implementation Control Officer | A natural person who attends to the regulatory activities to ensure compliance with all laws and regulations |
| Reinsurance | The process by which an insurer or reinsurer insures or reinsures another insurer or reinsurer (the ceding company) against all or a portion of the insurance or reinsurance risks underwritten by the ceding company under one or more policies |
| Reinsurer | A reinsurance company that accepts insurance contracts from another insurer for some or all the risks it has assumed |

| Term | Definition |
|--|---|
| Related Party | They are meant to be: 1- Issuer's affiliates 2- Issuer's major shareholders 3- Issuer's Directors and senior executives 4- Issuer affiliates' directors and senior executives 5- Issuer major shareholders' directors and senior executives 6- Issuer's Legal Counsel and Financial Advisor 7- Any relatives to the persons referred to in points (1, 2, 3, 4, or 5) above 8- Any Company controlled by any person referred to in points (1, 2, 3, 4, 5, 6, or 7) above |
| Retained Risks | The risks retained by the Company in its records in comparison with the risks assigned to the reinsurance Company |
| Retention Rate | A measure of underwritten insurance premiums maintained by the insurance company. It can be attained by dividing the net underwritten premiums on the total subscribed premiums |
| Rights, Subscription Rights and Offering | The seventeen million five hundred thousand (17,500,000) Rights, each entitling the holder of such Right as of the close of trade on Tadawul on the last day of the Trading Period, the right to subscribe for one (1) New Share at the Offer Price during the Offering Period (in the case of Registered Shareholders) or the Second Offering Phase (in the case of other Eligible Persons) |
| Rights Trading Period or Trading Period | The period from 21/05/1437 H (corresponding to 01/03/2016 G) to 01/06/1437 H (corresponding to 10/03/2016 G) during which the Rights are expected to be traded on Tadawul |
| Risk | An event that may include or do not include loss, but does not include any gain |
| Risk Factors | They are the potential effects that must be known and hedged before making an investment decision |
| Rump Shares | New Shares which will be available for sale at the Rump Offering, if any |
| Rump Offering | Offering of some or all of the New Shares that have not been validly subscribed for by the Eligible Subscribers at the end of the Subscription Period |
| Rump Offering Period | The period from 11/06/1437 H (Corresponding to 20/03/2016 G) to 12/06/1437 H (corresponding to 21/03/2016 G), in which the Rump Shares are to be sold |
| S&P | Standard and Poor's, an American company specialized in rating and development of rating indicators for the financial markets performance in different world markets in addition to providing analysis and studies to many internationally listed companies. |
| SAGIA | Saudi Arabian General Investment Authority |
| SAMA | The Saudi Arabian Monetary Agency |
| SAR | Saudi Arabian Riyal |
| Saudization or Nationalization | Labour regulations in the Kingdom that oblige Companies to employ a certain percentage of Saudis. |
| Second Offering Phase | The period from 04/06/1437 H (corresponding to 13/03/2016 G) to 06/06/1437 H (corresponding to 15/03/2016 G), during which the all Eligible Persons can subscribe to the New Shares entitled by their Rights |
| Senior Executives or Management or Senior Management | Any person who manages or is responsible for implementing strategic decisions of the Company including CFO, CEO and his deputies |
| Shareholder or the Shareholders | The holders of Shares of the Company at any particular time |
| Shares | The shares in the capital of the Company amounting to 17,500,000 fully paid Shares of SAR 10 each |
| Share Capital | Share Capital of the Company |
| SHC | Saudi Hollandi Capital, the Financial Advisor, Lead manager and sole Underwriter for the Offering |
| SOCPA | Saudi Organization for Certified Public Accountants |
| Solvency Margin | To what extent the Company's assets are transferrable to cash in excess of its obligations |
| Strategic Partners | ALICO which owns 30% and AIG MEA Investment and Services which owns 10% in the Share Capital of the Company |
| Subscriber | Any person who subscribes for the offered shares |
| Subscription or Premium | The amount paid by the insured to the insurer against agreement of the insurer to compensate the insured for loss or damage resulting directly from covered risks |
| Subscription Application Form | The form (physical or its electronic equivalent) that should be used by Eligible Persons to subscribe for New Shares during the Offering Period |

| Term | Definition |
|--|--|
| Subscription Monies | The full subscription amount due from an Eligible Person, being the number of New Shares subscribed for multiplied by the Offer Price |
| Subscription Terms and Conditions | The terms, conditions and instructions pertaining to the Offering as described in the section titled "Subscription Terms and Conditions" of this Prospectus |
| Substantial Shareholder | American Life Insurance Company which owns 30%, Arab National Bank which owns 29.94% and AIG MEA Investment and Services Company, which own more than 10% in the Share Capital of the Company |
| Surplus Distribution | Method by which profit of insurance and reinsurance companies is distributed among Policyholders |
| Swiss Re | Swiss Reinsurance Company |
| Tadawul | The Saudi Arabian Stock Exchange |
| Technical Provisions or Technical Reserves | The value set aside to cover expected losses arising on a book of insurance policies and its financial obligations |
| The Beneficiary | A natural or legal person who benefits from the returns under the policy as a result of being subject to the covered risks. |
| Total Underwritten Premiums method | <p>Method of calculating the required solvency margin, calculated as follows:</p> <ul style="list-style-type: none"> • The classification of the total premiums for insurance branches in accordance with the Implementing Regulations issued by the Saudi Arabian Monetary Agency • Net premiums calculated for each branch after deducting their own share of reinsurance so that it will not fall less than 50% of the total premiums of this branch <p>The solvency margin is calculated by multiplying the relative factor by the adjusted net premiums</p> |
| Trading Period | The period during which the Rights are traded on Tadawul |
| Traded security | A traded security on the Exchange |
| Underwriter | Saudi Hollandi Capital |
| Underwriting Agreement | The underwriting agreement between the Company and the Underwriter |
| Underwriting Costs of Insurance Policies | Total costs of underwriting insurance policies including commissions and the part of expenses relating to management and other general costs that are attributed to insurance operations |
| UAE | United Arab Emirates |
| UK | United Kingdom |
| US or USA | United States of America |
| USD | United States Dollar |
| Voting Rights | The Company has only one class of Shares. No Shareholder shall have any preferential Rights. Each of the Shares entitles its holder to one vote. Each Shareholder with at least 20 (twenty) shares has the Right to attend and vote at the General Assembly meeting. |
| Working Day | Any day except Fridays, Saturdays and public holidays, in which the Receiving Entities open up for normal business activities |
| XoL | Excess of Loss |

2. Risk Factors

In addition to the information contained in this Prospectus, prospective investors should carefully consider all the risk factors described below before deciding whether to subscribe for the Offer Shares. The risk factors described below are not inclusive of all the risks that the Company may encounter; there could be other risks currently unknown to or considered immaterial by the Company, which may impact its operations. The Company's business, prospects, financial condition, results of operations and cash flows could be materially and adversely affected if any of the following risks, actually occur or become material.

Members of the Board of Directors further declare that, to the best of their knowledge and belief, there are no significant risks that can affect decisions taken by investors as of the date of this Prospectus, except as disclosed in this Section.

An investment in the shares of the Company is only suitable for investors who are capable of evaluating the risks and merits of such an investment and who have sufficient resources to bear any loss, which might result from such an investment. Prospective investors who have doubts about which actions to take should refer to a Financial Adviser licensed by the CMA for advice about investing in the shares of this Offering.

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

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

2-1 Risks relating to the Company's activities and operations

2-1-1 Failure to obtain and renew required licenses, permits and certificates

The Company must obtain and maintain the required regulatory permits, licenses and approvals related to its activities. The company is currently maintaining several permits, certificates, licenses and approvals including, but not limited to, investment services license form SAGIA, the commercial registration certificate (CR) for the Company's head office and the branches issued by the Ministry of Commerce and Industry (MOCI), SAMA's licenses and approvals for insurance products, licenses issued by the Ministry of Municipality and Rural Affairs (MOMRA) for the Company's premises and Branches, the Chamber of Commerce and Industry membership certificates, trademark registration certificates, Saudization certificates, zakat certificate and the General Organization for Social Insurance (GOSI) certificate. Additionally, most of the company's licenses, permits and certificates are subject to suspension or termination if the company fails to satisfy the necessary related conditions.

The Company has not obtained the Municipality Permit for its Head Office and Jeddah branch and this will expose the Company to penalties set forth in the Regulations for Fines and Penalties for Municipal Violations (issued by the Council of Ministers resolution No. 218 dated 06/08/1428H) which set fines ranging from one thousand Saudi Riyals (SAR 1,000) as a minimum to five thousand Saudi Riyals (SAR 5,000) as a maximum. In addition to the imposition of the financial penalties, the MOMRA may also order the closure of the unlicensed premises or shops/sites which could have a negative impact on the Company's business, results of operations and financial position.

2-1-2 Shortage and difficulty of obtaining adequate financing

Should the Company need additional funding for expansion of its activities or products, or to improve its financial solvency in the future, it might encounter difficulty in securing sources of funding at suitable cost. The Company's ability to obtain financing depends on several factors, including those related to the Company's ability to obtain regulatory approvals, as well as the Company's operational and financial performance. The difficulty of obtaining adequate financing in the future may have negative impact on the Company, its financial performance and business plan

2-1-3 Dependence on key personnel and ability to appoint qualified employees

The Company relies on the capabilities and expertise of its senior management team and, therefore, its success may depend on its ability to retain its key employees, and to find replacements for them if they leave the Company. There can be no assurance that the Company will be able to ensure continuity of its employees' services or raise the level of their skills. The Company may also need to increase salaries in order to ensure continuity of its employees and to attract new employees with appropriate qualifications.

The Company's loss of service of one or more member of its senior management team, divisions and departments, may prevent or delay the application of its business strategy, which may have an adverse impact on its business, financial condition and results of operation.

2-1-4 Financial Performance of the Company

Based on the business plan of the Company submitted to SAMA for the capital increase, the Company has projected to continue report losses for FY16 and FY17 because of high operating costs. The business plan of the Company is based on certain assumptions such as introducing new products at certain point in time and expectations regarding claims and operating costs. Any delay in obtaining approvals for the new products or renewal of existing products or any assumption not materializing will have negative affect on the business and profitability of the Company in future.

2-1-5 Risks related to Employees Behavior and Misconduct

The Company adopted internal policies, controls, internal regulations relating to the employees of the Company and the authorities manual which sets out the authorities and powers granted to senior positions in different departments and divisions with respect to the financial and bank matters and other transactions in relation to the day to day operations of the Company. Nevertheless, the Company cannot guarantee that it can deter employee's misconduct, mistakes, intentional errors, embezzlement, fraud, theft, forgery, misuse of properties and act on its behalf without obtaining the due administrative authorizations. Accordingly, such acts may have consequences and liabilities incurred by the Company, regulatory sanctions, or financial responsibility, which could adversely affect the Company's reputation. Therefore, the Company cannot guarantee that the misconduct of its employees will not substantially harm its financial condition or results of operations.

The Company produced an internal Work Organization By-Laws in line with the latest amendments to the labor law but did not obtain the approval from the Ministry of Labor which will expose the Company to a fine not exceeding one hundred thousand Saudi Riyals (SAR 100,000) as provided for in Article (229) of Labour Law.

2-1-6 Credit Risk Relating to Motor Business

The Company has obtained SAMA's final approval to sell motor insurance policies through letters numbers (361000130592), (361000130641) and (361000130651) dated 12/10/1436H (corresponding to 28/07/2015G).

As per Article 6 of the Unified Mandatory Motor Insurance Policy issued by SAMA, insurance companies will be obliged to compensate party/parties (non-insured) for consequences of accidents covered under third party insurance policy. An insurance company has right to charge the insured, driver or the party held accountable for the accident to recover the amounts paid to other parties (if the charge is justified). Therefore, when charging the insured, the driver or the party responsible for the incident to refund the amount paid by the Company, they may procrastinate or discharge their obligation of payment, resulting in high risks, which may negatively affect the Company's financial condition and results of operations

2-1-7 Contracts with Related Parties

The Company has entered into a number of insurance contracts with related parties including its Founding Shareholders and their subsidiaries and affiliated companies. The Company has contracted with the Arab National Bank (ANB), which is a major Founding Shareholder, and with ANB Insurance Agency (a subsidiary of ANB) for providing various services to the Company, including the sale and distribution of insurance products through the distribution network of the ANB Insurance Agency and through the client network of ANB. Please refer to section 14 "Legal Information - Summary of Related Parties Contracts and Dealings".

On 17 September 2015G, the Company issued a group medical policy to Arab National Bank which yields an annual premium of SAR 53.7 million. The general terms and conditions forming part of the insurance contract required the premium to be paid upfront without any installment arrangement. However, as of 30 September 2015G, a balance of SAR 24.7 million was due from the Arab National Bank in respect of this policy, which was subsequently paid on 29 October 2015G.

SAMA's Implementing Regulations require that no insurance policy shall be issued or renewed to any of the related parties except after the payment of the full premium. The Company was in violation of the Implementing Regulations of Law on Supervision of Cooperative Insurance Companies and might be exposed to a financial penalty as a result of this violation which might reach up to one million Saudi Riyal (SAR 1,000,000) as per Article (21) of the Law on Supervision of Cooperative Insurance Companies.

The Company have also contractual relationships (reinsurance and technical services agreements) with other Founding Shareholders, including American Life Insurance Co. (ALICO) and CHARTIS Mems Holdings Inc. (CHARTIS) and their subsidiaries (Please refer to section 14 "Legal Information - Summary of Related Parties Contracts and Dealings").

As at 30 September 2015G, a balance of SAR 21.3 million was due to related parties, mainly on account of reinsurance balances payable. Reinsurance payable balances are generally settled within 45 days after the quarter close. However, SAR 4.9 million, on account of reinsurance balances payable to AIG and ALICO, Delaware, was outstanding for 180-360 days while SAR 1.4 million was past due for over 360 days.

In addition, the Company have an outstanding balance of around SAR 1 million as at 30 September 2015G payable to AIG for certain general and administrative expenses paid on behalf of the Company. These expenses are related to the employees who have been transferred from the AIG's sponsorship to the Company. Part of this balance (0.765mn) is older more than 180 days and part (0.195mn) is older more than 360 days.

No assurances can be given regarding the terms of these transactions or any other transactions between the Company and the related parties that they would be appropriate and reflect the best economic and financial interests of the Company and this may have a material adverse effect on the Company's business, financial conditions and results of its operations.

There is no assurance of renewal of the contracts with related parties in the future at the end of their terms. It is possible that the Company's board or the General Assembly may not agree to renew these contracts, or the related parties may not agree to renew them under the terms of insurance policies set by the Company. As such, non-renewal of these contracts may have negative and material impact on the profitability of the Company, its business, prospects, financial condition and results of operations.

Gross written premium from related parties (ANB) amounted to SAR 53.7mn, representing 48.3% of the total premium written (SAR 111.1mn) in nine months of 2015G.

2-1-8 Contracts with Other Parties

The Company has entered into contracts and agreements with other parties working in the field of insurance, such as contracts for settlement of insurance claims, insurance agency, brokerages and reinsurance arrangements, as well as other service contracts such as information technology contracts. The Company depends on these third parties' ability to meet their obligations under the terms and conditions of these contracts and agreements. No assurance can be given that these parties will meet their obligations to the levels expected by the Company. In case of inability of the Company or the contracted parties to abide by the terms of these contracts and agreements or in the event that any future disputes or issues occur and the Company lose such disputes, the Company's financial position, cash flows, results of operations and future prospects could be adversely affected (For more details, please refer to section 14 "Legal Information – Summary of Material Contracts").

2-1-9 Risk related to Reliance on Major Founding Shareholders in Several Aspects

The Company relies heavily on Arab National Bank as one of its largest customers. By 3Q2015, it generated around SAR 53.7mn, translating into 48.3% of SAR 111.1 million of the GWP, from ANB by selling annual group medical insurance policy to the employees of ANB. The Company also relies on ANB for the distribution and client network. It has entered into an agreement with ANB to sell its products through the branches of ANB in the Kingdom in return for a marketing and sale commission to be paid to ANB or ANB Insurance Agency. (For more details, please refer to section 14 "Legal Information – Summary of Related Parties Contracts and Dealings").

The Company has also taken over the Saudi portfolio of ALICO comprising of long term saving & investment and single premium A&H policies (Runoff Portfolio) with SAMA's approval under letter number 361000078280 dated 28/05/1436H (corresponding to 19/03/2015G). The portfolio transfer was a cash free transaction covered by a Portfolio Transfer Agreement (PTA) signed between MetLife (owner of ALICO) and the Company on 01/04/2015G. Pursuant to the PTA, the Company ceded the risks under the portfolio back to ALICO as part of a reinsurance agreement.

During 9m2015G, the Runoff Portfolio contributed SAR8.3mn to the total GWP (SAR111.1mn) of the Company, translating into 7.5% of the total. However, the contribution from this portfolio is expected to go down over the years as policies mature which will result in decrease in the company's profits and adversely affect the company's operations and financial results.

Consequently, in the event of a significant decline in the size of the Company's business with ANB or deterioration of the transactional results, the Company's business and financial results may be adversely affected. Equally, if the ANB sells - wholly or partially- its shares in the Company or if insurance policies have not been renewed by ANB, this may lead to a decrease in the Company's revenues and profits which may have a negative impact on the Company's business, future prospects, financial condition, cash flow and shares price.

The Company also relies on the other Founding Shareholders, ALICO and AIG and their subsidiaries and/or affiliated companies, for the provision of reinsurance, expertise and administrative services, information technology and trademark licensing and referring some of the insurance activities to the Company. If ALICO and AIG and their subsidiaries and/or affiliated companies decide to terminate these contracts or arrangements or refuse to renew them or they sell their shares in the Company wholly or part of them, the Company will be forced to get certain alternative services from other parties; and in this case the Company may not be able to get these services under similar conditions, which may have a negative effect on the Company's business, financial condition, cash flows, results of operations and/or future prospects.

Moreover, the Company has entered into trademark license agreements with ALICO, AIG and ANB allowing 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 (Please refer to section 14 "Legal Information - Summary of the Trademark License Agreements"). If the brand name reputation of each ALICO or AIG or ANB deteriorates, the Company's image, its position in the market and the level of customer demand to renew their insurance policies will be adversely affected.

2-1-10 Insufficient Capital and Minimum Requirements

The Company may need in the future to increase its capital to expand its business and comply with the requirements of sufficient capital and solvency margins to maintain its competitive position. Any future capital increase is subject to approvals of regulators, such as SAMA and CMA. Failure of the Company to get such approvals would hinder the Company's ability to keep pace with growth and commitment to regulatory requirements mentioned above, and as such could adversely and materially affect its business and financial results.

2-1-11 Investment Risks

As of the date of the Prospectus, the Company owns 3.85% of the share capital of Najm Insurance Services with a total investment of three million two hundred thousand Saudi Riyal (SAR 3.2 million) and has invested ten million Saudi Riyal (SAR 10 million) in ANB Sukuk issue, with a maturity of ten (10) years but callable in five (5) years by ANB.

The operating results of the Company will partially depend on the performance of its investment portfolio. The Investments results are subject to a number of investment risks, including risks associated with general economic conditions, level of volatility in the market, fluctuation of interest rates, liquidity and credit risks, as well as political situations. The Company's inability to balance its investment portfolio and solvency with its liabilities, would force it to liquidate its investments at inappropriate times and prices. The investment portfolio is also subject to regulatory restrictions and unavailability of certain financial products, such as high risk-return financial derivatives, which may reduce the diversification of asset classes leading to a reduction in returns on investment. The management of such investments needs an effective management system and a high degree of capability to select good quality and variety of investments. Failure of the Company in achieving that could lead to a decline in returns from investments and thus could adversely and materially affect the Company's financial position and results of operations.

2-1-12 Inadequacy of Provisions (Reserves)

As per the Article 69 of the Implementing Regulations of the Law on Supervision of Cooperative Insurance Companies, the Company shall maintain adequate provisions to meet and cover financial obligations as below:

- Unearned Premium Reserves
- Unpaid Claims Reserves
- Claim Expense Reserves
- Incurred but not Reported ("IBNR") Claims Reserves
- Unexpired Risk Reserves
- Disasters Risk Reserves
- General Expenses Reserves

The size of reserve is estimated based on expected trends in volume of claims and their frequency according to the data available at the time. The process of putting appropriate level of claim reserves is inherently uncertain due to the difficulty and complexity of making necessary assumptions.

The size of reserves depends on future estimates and it might prove to be inadequate in any period. In case the actual claims exceed the claims reserve, the Company would have to increase its reserves. Reserves established for future insurance policy claims may prove to be insufficient and the Company will then need to increase reserves. An increase in loss reserves may reduce the net income and, if large enough, will have a material adverse effect on its business, financial condition and results of operations.

2-1-13 Risks of Business Concentration

The increase in the Company's gross written premiums in 9m2015G was primarily driven by a substantial increase in premiums generated from the health insurance business (from SAR 1.0 million in FY14 to SAR 62.9 million in 9m15) and engineering insurance business (from SAR 0.3 million in FY14 to SAR 23.9 million in 9m15). The growth in each, however, is largely driven by a single policy.

The growth driver of health premiums is attributed to a "group medical" policy in respect of the Arab National Bank, which yielded an annual premium of SAR 53.7 million (constituted 81.6% of health premiums and 48.3% of total premiums). This policy covers a period of one year starting from 17/9/2015G to 16/9/2016G.

On the other hand, the growth driver in engineering premiums is in connection to a "contractors' all risk" policy issued to a largest utility company for a premium of SAR 21.6 million (constituted 90.3% of engineering premiums and 19.4% of total premiums). This policy covers a period of three years starting from 1/1/2015G to 31/12/2017G.

In the event of a significant decline in the size of the Company's business with ANB and the other insured party (the largest utility company) for the engineering insurance business, the Company's business and financial results may be adversely affected. Equally, if the ANB sells - wholly or partially- its shares in the Company or if insurance policies have not been renewed by ANB, this may lead to a decrease in the Company's revenues and profits which may have a negative impact on the Company's business, future prospects, financial condition, cash flow and shares price.

Health and Engineering are highly competitive sectors, and in case of the Company's inability to expand and retain its customer base in such activities, or diversify products in future, its financial position and operating results could be adversely affected.

2-1-14 Reinsurance Risks

The Company relies on the following international reinsurers including its major Founding Shareholders and/or their subsidiaries/affiliates: American Life Insurance Company (ALICO) and National Union Fire Insurance Company, New Hampshire Insurance Company and American Home Assurance Company (all from US) in addition to Hanover Reinsurance Company (French based company). It should be noted that some of the reinsurance contracts are governed by laws other than Kingdom's laws. This is considered as non-compliance with Article (22) of the Law on Supervision of Cooperative Insurance Companies and its Implementing Regulations which granted the sole jurisdiction to the Arbitration Bureau to settle all disputes arises between insurance and reinsurance companies or insurance companies against each other. In the event of a lawsuit of dispute, the reinsurer may select foreign courts or arbitrators outside the Kingdom, the negatives of which will be unknown to the Company, and, therefore, the Company would not be able to implement the awards, judicial orders, arbitrators' judgments or documented minutes issued in a foreign country. Such ruling may not be in harmony with local laws. The Company will also bear financial burdens, additional costs and expenses in the context of following up the proceedings outside the Kingdom and that will affect the Company's financial results.

In addition, as per the Law on Supervision of Cooperative Insurance Companies and its Implementing Regulations, the Company, in case of reinsurance, must select a reinsurer with minimum rating of BBB from Standard & Poor's ("S&P") or equivalent rating from a recognized international rating organization. If the insurers have ratings less than BBB or equivalent rating, the Company must obtain SAMA's written approval before contracting with them in accordance with the Implementing Regulations of the Law on Supervision of Cooperative Insurance Companies. If the Company could not get SAMA's approval it would stop reinsurance arrangements with low rating companies, which will increase the burdens on the Company and expose it to more risk, including the inability of reinsurers of low rating to fulfill their obligations towards the Company and according would impact its financial position and operational results.

2-1-15 Risks related to reinsurance concentration

The Company deals with a selected number of international reinsurers to insure its insurance portfolio, which could expose it to the risk of other party's failure. In the event of a reinsurer's insolvency, bankruptcy or any other distress, the Company's financial situation and operational activities will be adversely affected.

2-1-16 Poor assessment of risks

The Company studies potential risks before issuing insurance policies to the applicants based on the actuary's report. However, if the Company underestimates the potential risks upon issuance of insurance policies, it will suffer financial loss, and its performance will be adversely affected in the future.

2-1-17 Risk of cancellation or non-renewal by policyholders

The Company operates in a competitive insurance market. As the duration of insurance policies issued by the Company are generally short in their term, the Company may not be able to continue renewing insurance policies issued or to be issued in the future as expected. In case of non-renewal or cancellation of policies by policyholders, the level of written premiums by the Company in the coming years would be negatively and materially affected, which would affect the Company's results.

2-1-18 Risks relating to Translation of Policies and Authentic Language

Some of the Company's insurance policies are written in Arabic and translated from English, but the translation of some items of the insurance policies offered by the Company are not accurate in clarifying some of the terms contained in the policy, which will lead to a dispute between the parties over the interpretation of the meaning of the policy. Courts and

Judicial Committees in the Kingdom of Saudi Arabia relies on the Arabic text in the event of any dispute arises between the Company and one of its clients, which may expose the Company to enter into disputes with customers, and as such could adversely affect its business and financial results. The Company also adopted the English text of some insurance policies without being translated into Arabic and in both cases it violates Article (52) of the Implementing Regulations of the Law on Supervision of Cooperative Insurance Companies, which requires that the insurance policy must be written clearly using a language that easily understood by the public. This could prevent the Company from accepting new policyholders or subscribers in any of the insurance line items or reducing that, or compel the Company to take any other steps deemed necessary by SAMA, in accordance with Article 19 of the Law on Supervision of Cooperative Insurance Companies.

2-1-19 Risks Related to Accumulated Losses

The Company recorded accumulated losses of SAR 78.4 million as of 30th September 2015G, which represents around 45% of its Share Capital. There is no assurance that the Company will not incur additional losses, in which case, the Company will be subject to relevant laws and regulations in the Kingdom. Article (148) of the Companies Regulations, stipulated that the Board of Directors should call the Extraordinary General Assembly to convene to consider continuation or dissolution of the Company before the end of its duration if its accumulated losses reached three forth (3/4) of its capital.

(For more details, please refer to section 9.1 “Capital Structure – CMA Regulations Regarding the Accumulated Losses”)

2-1-20 Risks relating to Operational and IT Systems

The Company's IT system is not capable of tagging all assets of the Company (with an exception to IT systems). In addition, the Company has also not carried out any physical verification exercise of its furniture, fixture and equipment since inception. This may result in a loss of some of the furniture, fixtures or equipment of the Company.

The Company relies on information technology systems to conduct its business. However, it may be exposed to risk of malfunction, including the collapse of the system, failure or breach of security, viruses, human errors, natural disasters, fires and errors of communication and lack of skilled labor necessary for the operation and management of these systems.

If a significant malfunction or failure occurs repeatedly, it will negatively affect revenues and the Company will not be able to issue its periodical financial reports in a timely manner which will exposes it to accountability, penalties and consequently affect its operating results, especially if the Company was forced to announce its financial statements on a monthly basis (For more details about IT contracts, please refer to section 14 “Legal Information – Summary of Material Contracts”).

Despite the dependence on ALICO's advanced information technology system and computer programs relating to insurance industry by the Company, there can be no assurance that the Company would not be affected if a service provide, counterparty or third party with whom the Company does business, suffers a malfunction or breakdown (partial or complete) of any of the main information technology or communications systems used by the Company. Equally, the Company's clients, counterparties and third parties may suffer damage if the Company's information or communication systems break down or are breached.

2-1-21 Limitations of IT System of the Company

The Company's IT system is not capable of tagging all assets of the Company (with an exception to IT related equipments). In addition, the Company has also not carried out any physical verification exercise of its furniture, fixture and equipment since inception. This may result in a loss of some of the furniture, fixtures or equipment of the Company.

2-1-22 Risk of Credit Rating

The Company has not yet applied to get a credit rating, and if it applies for that, there is no assurance that the Company will have a good rating if its risks are higher than the standard limits in the insurance market, which could adversely affect the Company's business.

2-1-23 Risk relating to Risk Management and Control Policies

Risk management policies are based on the observation of the historical behavior of the market. Therefore, these policies may not be able to accurately predict the potential future risks that may be greater than those that have been deduced through the historical means. In view of the scarcity of sufficient data on Saudi insurance market, the available information may not be accurate, complete, up to date or have been properly evaluated in all cases, and the Company's policies, procedures and internal controls may not be fully effective in all circumstances and conditions, which will lead to inadequate information provided to the Company in order to accurately assess its exposure to risks. Accordingly, the Company will be exposed to high risks, which will negatively and materially affect its financial position and operating results.

Insurance companies usually use multiple financial and investments tools for the purpose of reducing the risks associated with its business. In such cases, the Company is required to get the approval of SAMA before the use of such financial tools. Accordingly, the Company might not get SAMA's approval, which will limit the means available to the Company to manage these risks in the future. In case any of these financial instruments are used without the approval of SAMA, the Company will be subject to various sanctions contained in the regulation, including the withdrawal of the license.

The Company's success and continuity rely on being able to assess, manage and supervise continuously the risks. It is to be noted the risk management department is still vacant.

2-1-24 Claims, Disputes and Litigations

In the ordinary course of its business, the Company may be exposed to lawsuits and legislations relating to insurance operations and disputes and claims relating to the insurance coverage. No assurance can be given by the Company that it would not have disputes with some policyholders that could lead to lawsuits filed with competent judicial authorities.

As a result, the Company may be subject to governmental or administrative audits and investigations and proceedings in the context of new controls on the insurance industry in the Kingdom. The Company cannot predict the results of these claims if they occur, and cannot guarantee that these claims will have material impact on the Company's business, financial conditions and results of operations. The Company also cannot predict the exact volume of costs of litigation or legal proceedings that could be filed by or against it, or the outcome of these lawsuits, or passed judgments including compensations and penalties, that could have negative consequences and negative impact on the Company.

As of 30th September 2015, there were 405 outstanding reported claims aged over 60 days under the health segment. The outstanding balance in connection with these claims amounted to SAR 0.3mn.

As per Article 44 of SAMA's implementing regulations, the Company is required to settle all the pending claims with individual

policyholders and commercial entities in a period not exceeding 15 days and 45 days respectively, after the receipt of all requested and necessary documentation.

There are 368 claims (SAR 0.2mn) as pending the corresponding invoices from the medical service providers and shall be considered due upon receipt of the invoices along with the supporting documents. The Company has already provided for these pending claims. On the other hand, the remaining 37 claims (SAR 0.1mn) are settled or reconciled. However, the database needs to be updated by the third party administrator. In case of its failure to settle these claim, the Company might be exposed to financial penalty as a result of violating the Implementing Regulations of Law on Supervision of Cooperative Insurance Companies, which might reach up to one million Saudi Riyal (SAR 1,000,000) as per Article (21) of the Law on Supervision of Cooperative Insurance Companies.

Other than what have been described above, the Company is not party to any claims or a dispute filed by/against the Company which will have a material impact on its business.

2-1-25 Failure to Develop New Products or Expand

The Company's growth strategy is based on continuous geographical expansion and the development of new insurance products for the local market. The possibility of implementation of this strategy depends on the acceptability of its products and quality of management, in addition to external factors related to government regulations and approvals from regulatory authorities.

There can be no assurance that the Company would be able to timely introduce new insurance products or its products will have sufficient market. Failure by the Company to implement its growth strategy would have a negative effect on continuity of its business and to compete with other insurance companies.

2-1-26 Protection of Trademarks

The Company's ability to market its insurance products and develop its business depends on its capacity to use the names and logos of its Major Founding Shareholders. In 29/10/1435H (corresponding to 25/08/2014G) the Company entered into a set of trademark license agreements with ANB, MetLife Inc. (ALICO's parent company) and AIG (CHARTIS's parent company), in the Kingdom. As of the date of this Prospectus, the Company has not registered any trademarks (including its current trade name and logo) or any intellectual property registered under its name at the MOCI. If any of the Founding Shareholders resolve to withdraw from the Company and/or cancel the trademark license agreement entered with the Company, the Company's business and profitability would be affected. (Please refer to section 14 "Legal Information – Trademarks License").

Failure of the Company to register the trademarks licensing arrangements with the Department of Trademarks at the MOCI and obtain the necessary regulatory protection for its name and logo as per the applicable laws could have a negative impact on its trademark and can make the practice of its activity more expensive and thus affect the Company's operating results. Further, the Company's business could be more affected if it has to compete with similar trademarks in major markets in which it operates and does not have proprietary rights.

In addition, the Company has signed an agreement with ALICO, AIG, and ANB to permit the Company to use the trademark. (For more information, please refer to section 14, Legal Information)

2-1-27 Risk related to Zakat variations

The Company may be exposed to liabilities arising from a difference resulted from the method of calculation of Zakat payable. The Company has already filed an objection with the Department of Zakat and Income Tax (DZIT) for subjecting the statutory deposit and some investments to Zakat. The Company has submitted an objection to the Preliminary Zakat Objection Committee, as the required amount of Zakat is more than the value calculated by the Company by five hundred sixteen thousand eight hundred eighty Saudi Riyals (SAR 516,880), and in case the Company does not win its objection, it shall pay the specified amount which will adversely affect the company's financial profits.

2-1-28 Risks related to Vacant Key Positions

With respect to the he deputy CEO (protection & saving and health insurance), the vacancy may disallow the Company from developing the protection & saving and health insurance products, and collecting, assessing key information/data about the customers and the market.

With regard to the vacancy of the post of Director of Marketing and Sales Department, the risks associated with it is .that the Company's sales and ability to market its products will be affected, thus affecting its market share

As for the Risk Manager, the success of the Company and continuity is associated with its ability to assess, manage and monitor the risks on an ongoing basis. Also, Article (15) of the list of risk management issued by the Saudi Arabian Monetary Agency requires insurance companies to appoint a risk officer for General Insurance and risk officer for Protection & Savings.

Regarding the Reinsurance Officer for protection & saving and health insurance, his main functions are to deal with the reinsurance records, supervise the Company's commitment to its determined strategy for reinsurance, and inform the Saudi Arabian Monetary Agency about any violation in this regard. The lack of appointment for this position is in violation of Article (21) of the Implementing Regulations and may cause a penalty of one million Saudi Riyal (SAR 1,000,000)

During the vacancy period, the Company's productivity will be affected negatively in case of delay in hiring or in not being able to appoint the person who enjoys the efficiency and expertise required in the candidates to fill these positions, because these positions affect the Company's ability to implement its planned strategies and plans. The Company plans to fill these vacancies immediately after obtaining the letter of no objection from the Saudi Arabian Monetary Agency for recruitment and the completeness of the capital increase process. The lack of appointing these senior positions may impact significantly the financial performance of the Company.

2-1-29 Corporate Governance

The company is fully compliant with all mandatory and most of non-mandatory provisions of the corporate governance regulations issued under the CMA's resolution No. (1-212-2006) dated 21/10/1427H (Corresponding to 12/11/2006G) amended by CMA's resolution No. (1-10-2010) dated 30/03/1431H (Corresponding to 16/03/2010G).

On 20/08/1435H, the company adopted its corporate governance regulation after been approved by the General Assembly. The company's corporate governance and charters and procedures related thereto have been translated form English Language and some of them have not been properly translated which may result in discrepancy in interpretation of meanings. In accordance with the charter for nomination and remunerations committee the committee should be composed of three (3) members at least two (2) of them are independent and no executive director is allowed to be appointed as chairman to the committee. The English text of the charter is different to the Arabic text as it shows that the remunerations committee should be comprise three (3) independent directors. On other hand paragraph (3) of Article (4) of the corporate governance related to "Tasks and meetings of Boards of Directors" stated that Board holds it meetings through invitations from the chairman and Board Secretary based on chairman's directions or vice chairman in case of chairman absence or chairman of audit committee, the CEO, the company's Managing Director or any three (3) directors. This article contradicts with Article (21) of the company's by-laws with respect to invitation arrangements for the meetings which stated that the Board meetings may be held upon invitation of its chairman or any two (2) directors not three (3).

With respect to the vice chairman title, although the company has obtained a no objection letter from SAMA for appointment of Mrs. Lama Alhaj Ibrahim as vice chairman, it has to be noted that the by-laws was silent about this title. The company may be penalized by Ministry of Commerce in case of using this title prior to amendment of the by-laws.

On 18/11/1436H (Corresponding to 02/09/2015G) the board of directors agreed to appoint Mr. Ramzi Abu Khadra as chairman of nominations and remunerations committee and the company advised that he is currently playing this role, however, SAMA may take an action if it comes to their knowledge that he is undertaking his task without obtaining SAMA's approval to his appointment.

The company stated that it will start reviewing the Arabic version of the corporate governance regulations to be in line with the by-laws and the English text. Moreover, the company will improve its corporate governance regulations to be in compliance with the corporate governance requirements of the insurance companies issued by SAMA on 21/10/2005G. The amended version will be presented to the general assembly for approval in its nearest meeting. The Board of Directors will also form a risk management committee and reactivate the investment committee immediately after the offering in order to comply with SAMA's requirements effective the last quarter of year 2016.

2-1-30 Exchange Risks

Exchange risks are the result of financial investments fluctuations due to the change in foreign exchange. Companies often encounter exchange risks when dealing with international parties in their currency. Company's operations are mostly in Saudi Riyal and its revenues are generated from local market in local currency. In the event that the Company collects any amounts from its products or foreign dealings in foreign currency, it may encounter exchange risks and any unexpected major fluctuations in exchange may adversely affect the Company's financial performance.

2-1-31 Risk of Changes in Significant Accounting Standards and New Standards

The Financial Statements of the Company are prepared in accordance with international accounting standards for financial reports (not in accordance with the accounting standards generally accepted in the Kingdom and issued by the Saudi Organization for Certified Public Accountants "SOCPA"). The Company is obliged in this case to apply the amendments or changes made to these standards from time to time, and therefore any changes in these standards or the mandatory application of some of the new standards will affect the Company's financial statements, and accordingly its financial results and financial position.

2-1-32 Risk of impose of fines and penalties

Additionally, due to the fact that some of the Founding Shareholders are foreign nationals (non-Saudi/non-GCC), the Company has applied for a foreign investment services license from the Saudi Arabian General Investment Authority (SAGIA) (Please refer to section 14 "Legal Information - Summary of Licenses, Certificates and Permits issued for the Company").

Any company licensed by SAGIA must apply for an amendment of its foreign investment license for any changes in the information contained in the license, such as any capital increase, an amendment of trade name, changes of founding shareholders or opening of branches.

The Company's SAGIA license number (1029331024022) dated 22/10/1433H (corresponding to 09/09/2012G) has not been updated with respect to the details of its head office address and the trade name of one Founding Shareholder (Chartis Mems Holdings) which was amended in 15/12/2014G to become AIG MEA Investment and Services without removing the previous trade name from the license. This is a violation that will lead to the cessation of the Company's transactions with government agencies such as the Labor Office, Passports Department and the DZIT which will have negative impact on the Company's business and results of its operations.

With respect to the amendment of the paid up capital, SAGIA requires the Company to amend its foreign investment license following (1) the issuance of final approval of SAMA for capital increase, (2) the completion of all formalities before the Capital Market Authority (CMA) and (3) the approval of the Extraordinary General Assembly of the shareholders on the capital increase.

The Company obtained SAMA approval to establish a branch office in Jeddah and has been registered at the Commercial Registrar Office under certificate No. (4030285792) dated 27/01/1437H (Corresponding to 09/11/2015G).

2-1-33 Risk of failure to comply with safety and fire protection requirements

It is worth mentioning that a fire broke out at the Company's Head Office building which resulted in transfer of the Company's offices to another location to continue its activities. On 03/16/1436H (corresponding to 01/07/2015G), the Company resumed activities after the rehabilitation of the building. The municipal license for the building has expired since of 5/9/1436H (06/21/2015G) and has not been renewed until the date of this prospectus. The Company cannot assure non-

occurrence of another fire in the future that may lead to suspension of its work for an indefinite period which will adversely impact the continuity of the Company's activities, results of operations and financial position.

If the Company fails to renew its current licenses and/or obtain necessary licenses for its activities, or if such licenses are suspended, expired or renewed under unfavorable terms for the Company, or in case of the Company's inability to obtain additional licenses that might be required in the future, it could be exposed to interruption of business (i.e.; the closure of its branch) or freezing all services provided by the Saudi authorities to the Company (i.e.; renewing the licenses or certificates or prohibiting the Company from issuing work visas or transfer of sponsorship etc.). This may result in disruption of the Company's operations and incurrence of additional costs, which may adversely affect the results of operations and financial conditions.

2-2 Risks Relating to the Market and Regulatory Environment

2-2-1 Law on Supervision of Cooperative Insurance Companies and Implementing Regulations -

The Company is subject to applicable laws and regulations relating to insurance sector in the Kingdom, including the Law on Supervision of Cooperative Insurance Companies and Implementing Regulations. It is also subject to the supervision of SAMA, which is responsible for regulating the insurance sector in the Kingdom, including policies, rules, licensing, competition, investment allocation, service standards, technical standards and settlement arrangements.

Since the Saudi insurance market is one of the ever-evolving emerging markets, it may limit the Company's ability to respond to market opportunities, and may force it to bear significant annual expenses to comply with the regulatory laws and regulations. There can be no assurance that applicable laws or the regulatory framework will not change further or be interpreted in a manner that could materially or adversely affect the Company's operations. Also, if the Company fails to comply with the applicable laws, regulations and instructions, it would be subject to regulatory penalties including fines, suspension of work, and withdrawal of license to practice insurance activity, which could adversely affect the Company's operations and results of operations.

2-2-2 Violation of Premium Retention Requirements

The Company's premium retention rate in FY14 stood at 3.8%, which is a non-compliance with the Article 40 of the Implementing Regulations. Article 40 of the implementing regulations stipulates that cooperative insurance companies are required to maintain a minimum premium retention rate of 30.0%. However, the Company's retention rate in 9m15 stood at 61.7%. Therefore, this issue is only applicable to FY14.

SAMA may impose a financial penalty as a result of this violation which might reach up to one million Saudi Riyal (SAR 1,000,000) as per Article (21) of the Law on Supervision of Cooperative Insurance Companies.

2-2-3 Risk of Withdrawal License to Conduct Insurance Business

The Company obtained SAMA's license number (IS/35/20142) dated 26/04/1435H (corresponding to 26/02/2014G) to practice insurance activities for a term of three years period that expires on 26/04/1438H (corresponding to 24/01/2017G) and which can be renewed. In case the Company could not continue to satisfy these conditions, its license might be withdrawn.

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

- If the Company does not practice its licensed activities for a period of six months from the issuance date of the license;
- If the Company does not fulfill the requirements of the Law on Supervision of Cooperative Insurance Companies or its Implementing Regulations;
- If it is established that the Company has deliberately provided SAMA with false information in its licensing application;
- If the Company becomes bankrupt;
- If the Company deliberately conducts business in a fraudulent manner;
- If the paid up capital of the Company falls below the prescribed minimum limit or the Company does not fulfill the solvency requirements mentioned in the Implementing Regulations;
- If the insurance activity falls to a limit that SAMA deems unviable to operate under;
- If the Company refuses or delays payments of dues, without just causes;
- If the Company refuses to have its records examined by the inspection team appointed by SAMA; and
- If the Company fails to pay a final judgment against it in connection with any insurance dispute.

Should the license be withdrawn, the Company will not be able to continue to conduct its business legally in Saudi Arabia.

2-2-4 Solvency Requirements

Articles 66, 67 and 68 of the Implementing Regulations of the Law on Supervision of Cooperative Insurance Companies, the Company has to maintain certain solvency levels for different classes of businesses.

However, SAMA permits cooperative insurance companies to calculate the solvency margin based on the Premium Solvency Margin method during the first three years of incorporation. Thus, the Company calculated its solvency margin for the general and health insurance based on the Premium Solvency Margin method during the reporting period. On the other hand, the solvency margin of the protection and savings segment has to be determined as prescribed in Article 67 of SAMA's implementing regulations.

Based on the above, the Company had an excess of SAR 28.2 million over the required minimum margin and the resulting solvency ratio stood at 189.9% as at September 2015G.

Had the Company been required to compute the solvency margin based on the minimum capital requirement, the resulting solvency ratio would have been 51.3% and a deficit of SAR 56.6 million relative to the minimum capital requirement of SAR 100.0 million would have occurred. By the end of 2016 the method of calculation of the company's solvency margin and related regulatory requirements will change, as result and based on the Company's business plan, the net admissible assets may be insufficient to cover the required minimum margin.

SAMA imposes various remedial actions for the companies that fail to comply with the solvency requirements levels including the following:

- Increase the Company's share capital
- Amend product prices
- Decrease costs
- Stop underwriting new policies
- Liquidate certain assets
- Any other action deemed appropriate to the Company and approved by SAMA

In case of Company's failure to satisfy the solvency requirements within a timeframe set by SAMA and after taking aforementioned actions, SAMA may solicit appointment of an advisor (to provide the advice as necessary) or otherwise withdraw the license of the Company as stipulated by paragraph (d), clause (2) of article (68) of the Implementing Regulations of the Law on Supervision of Cooperative Insurance Companies.

It should be noted that solvency margin may be affected primarily by the technical provisions that are needed to retained, and which in turn are affected by the size of the insurance policies sold and regulations specifying statutory reserve. In addition, it is influenced by several other factors, including profit margin, return on investment and cost of insurance and reinsurance. If the Company continued to grow quickly, or if required limits of solvency increase in future, the Company might have to increase its capital to meet the required solvency limits, which could lead to inflating the capital. If the Company is not able to increase its capital, it might be forced to limit the growth of activities and accordingly not to declare any dividends. Alternatively, it might result in application of proceedings against the Company that might reach withdrawal of its license in some exceptional cases.

SAMA periodically requires additions or changes to solvency margin requirements, which may lead to a negative impact on results of operations and financial condition through allocations of additional reserve. The Company's ability to effectively manage risks and properly price its products to maintain the required solvency margin will represent a major challenge.

2-2-5 Reporting Requirements

The Insurance Law and its Implementing Regulations require the Company to periodically file with SAMA financial statements and annual reports, prepared on regulatory accounting basis, and other information, including information concerning the Company's general business operations, capital structure, ownership, financial condition with annual statement of total contingent commissions paid.

The Company could be subject to regulatory actions, sanctions and fines if SAMA believes that the Company has failed to comply with any applicable laws, regulation and directives. Any such failure to comply with applicable laws could result in imposing significant restrictions on the Company's ability to conduct its business or significant penalties, which could adversely affect the Company's results of operations and financial condition. In addition, the Company may be subject to penalties and fines in the event it fails to fulfill the requirements of the Capital Market Authority and the listing & disclosure rules in effect in the Saudi Stock Exchange (Tadawul).

2-2-6 Compliance with the Council of Cooperative Health Insurance Regulations

After being approved by SAMA, the medical insurance products offered by the Company are subject to control by the Council of Cooperative Health Insurance (the "CCHI"). The CCHI regulations require the Company to comply with the provisions of regulations for offering of medical products. Some of these provisions are as follows:

The insurance company shall respond to the request of the service provider for approval to provide treatment to the beneficiaries within time ceiling not exceeding 60 minutes, and in case of non-approval, reasons shall be officially clarified.

The insurance company shall pay the medical service providers claims within the timeframe not exceeding 45 days from the date of receipt of claim. The Company's non-compliance with CCHI's regulations may entail investigations and penalties, including withdrawal of the license to provide medical services products, which may material and adversely affect the Company's operations.

2-2-7 Risks related to insurance market growth

The growth rate of the Saudi Arabian insurance market may not be as high and sustainable as currently anticipated by the Company. Also, the impact on the insurance industry in the Kingdom as a result of the increase in the number of the insured, along with the economic growth and increase of population in the Kingdom of Saudi Arabia, as well as the continued development in the field of social welfare, demographic changes, opening of the insurance market in the Kingdom to foreign companies is generally a future matter which is subject to a number of uncertainties that are beyond the control of the Company.

The financial performance of the insurance sector and the Company is strongly related to the economy development of Saudi Arabia. The financial results of the Company may be affected if there is a slowdown in the economic growth of the country, which may result in a decrease in the demand for products and services of the Company and the insurance sector overall.

2-2-8 Limited historical data on the Market

Although the Saudi market is not new to the concept of insurance, it has just recently been organized. Therefore, the required information and historical data to accurately build insurance programs have not been collected. Therefore, insurance companies depended, upon estimation of losses and assessment of premiums, on estimates not to the required level of precision, and to certain extent unreliable, and accordingly the rate of risks for insurance portfolios might increase, resulting in losses to the Company.

2-2-9 Cultural Awareness in KSA - Lack of Importance of Insurance

Society's perception towards the insurance sector is a primary factor for success of this sector. However, there are risks of society's perception about insurance sector in general as it sees that the sector as either not playing a key role or operating under scope of services non-compliant with principles of solidarity and Shariah. Society may lose confidence in the sector and this may adversely affect the Company's business, financial position and operating results.

2-2-10 Competition

The Company is likely to find itself operating in an increasingly competitive environment, as the number of licensed insurance companies has reached to 35 and they are in severe competition to increase their market share. Competitive position of the Company is based on many factors, including financial strength, the geographical scope of its business, business relations with customers, premiums charged, terms and conditions of policies issued, services and products offered, including the Company's ability to design insurance programs, according to the requirements of the market, quick payment of claims, Company's reputation, experience and efficiency of the staff and their presence in the local market.

There can be no assurance that the Company will be able to achieve or maintain any particular level of premiums in this competitive environment. The increased competitive pressures may materially and adversely affect the business of the Company, its prospects and financial condition by:

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

2-2-11 Impact of Drop in Customers' Confidence

Customers' confidence in the international insurance sector is vital to enhance the sector strength. On the other hand, any drop in customers' confidence towards insurance sector may generally result in increase of cancellation of insurance policies and refund of monies, which may adversely affect the sales of the Company products, and consequently would affect its financial conditions.

2-2-12 Obtain Necessary Approvals for Offering New products and Renewal of Existing Approvals

Based on the Law on Supervision of Cooperative Insurance Companies and its Implementing Regulations for offering new insurance products, the Company has to get SAMA's approval before marketing or offering any new product. Any delay in obtaining approvals for new products or renewal of approvals to current products will affect the Company's business and profitability in future.

It is worth mentioning that the Company has obtained final approval for marketing and selling fifteen (15) insurance products and nineteen (19) products which are approved temporarily. (For more details, please refer to section 14 "Legal Information – Schedule of Licenses")

The marketing and selling of any insurance products which are not approved by SAMA is a violation of Article (16) of the Implementing Regulations of the Cooperative Insurance Law, and would expose the Company to regulatory sanctions, such as suspension of work and withdrawal of the license to exercise insurance activity, which in turn could negatively affect the Company's operations and financial results.

2-2-13 Unforeseen Disaster Risks

Insurance products for industrial facilities, residential and commercial buildings are part of the product portfolio of the Company. These policies may be exposed to losses due to disasters as it covers risks of properties. In addition, disasters can happen for various reasons, natural or non-natural, which are unpredictable, such as sand or snowstorms, floods, winds, fires, explosions, industrial accidents, terrorism acts, which may lead to a deficit of coverage.

The extent of the losses caused by disasters is the result of two things:

- The total amount at risk insured in the area affected by the accident.
- The severity of the accident.

Disasters can cause losses to different types of property and liability insurance. Claims related to disasters may result in large fluctuations in the financial results of the Company. Serious disaster events could have a material negative impact on the Company's financial condition and results of operations.

2-2-14 Risks related to Economic and Industry Conditions

The financial performance of insurance companies depends significantly on economic conditions in the Kingdom of Saudi Arabia and on global economic conditions that affect the Kingdom's economy. The unstable global economic conditions and significant drop in oil prices may affect the Kingdom's economy. As the economic performance of the Company is somewhat related to the development of the economy in the Kingdom and in the world, the Company's financial results may be affected by changes that may occur, which may result in a decrease in the demand for products and services of the Company. In addition, premium and claim trends in insurance and reinsurance markets are cyclical in nature and unpredictable events such as the occurrence of natural disasters, inflationary pressures, competition and judicial decisions may affect the size of future claims and adversely affect the industry's profitability and returns.

The drop in oil prices significantly affect the local income, economic activities, individual income, and consequently will affect the individuals and companies' ability to obtain insurance products offered by the Company, and thus lower the Company's revenues and affect its financial position.

The insurance companies, in their normal course of business, need to have reinsurance of their insurance portfolios to minimize insurance risks to the Company. The reinsurance activity is a specialized business, where usually reinsurance companies charge premiums to provide reinsurance coverage, and in case of a global or regional incidents affecting insurance, premiums go up and that could lead to a negative impact on the profitability of the Company. In addition, it should be noted that even though the Company obtains reinsurance, it remains liable for a portion of outstanding claims reinsured to the extent that the reinsurer fails to meet its obligations. Therefore, failure of the reinsurers to meet their financial obligations could have a material negative impact on the Company's operations.

In addition, there is a risk that the Company may not be able to obtain reinsurance services in the market in the future, especially with companies operating outside the Kingdom, in case a disruption occurs in the reinsurance markets for any reason, which will materially and adversely affect the Company's business. Also, insolvency of any reinsurer with whom the Company does business today or will do business in future, or lack of any reinsurer's ability or willingness to pay the amounts due in a timely manner or failure to comply with the provisions of reinsurance agreement would materially and adversely affect the Company's financial condition and results of operations.

In order to adhere to the Law on Supervision of Cooperative Insurance Companies and its Implementing Regulations, the Company is required to reinsure as a minimum 30% of reinsurance premiums within the Kingdom of Saudi Arabia, which may be difficult to achieve or adhere to because there is only one reinsurance company specialized in this field in the Kingdom, in addition, the reluctance of other local insurance companies to accept the ceding premium, either because

of cancellation of their reinsurance activity or due to their weak financial performance. This may force the Company to assign premiums of insurance operations to reinsurance companies outside of the Kingdom, and not to meet the required percentage, which could have a negative material impact on the Company's business, financial condition, operating results and future prospects in the event of any additional claims in future. In addition, the Company might be exposed to financial penalty as a result of violating the Implementing Regulations of Law on Supervision of Cooperative Insurance Companies, which might reach up to one million Saudi Riyal (SAR 1,000,000) as per Article (21) of the Law on Supervision of Cooperative Insurance Companies.

2-2-15 Risks relating to Restriction on Ownership of Insurance Companies

The Law on Supervision of Cooperative Insurance Companies places certain restrictions on owning shares in insurance companies. According to Article 9 of that Law and Article 39 of its Implementing Regulations, insurance or reinsurance companies may not merge with, own, control or purchase shares in other insurance or reinsurance companies without written approval from SAMA. In compliance with Article 38 of the Implementing Regulations, the Company shall notify SAMA of the percentage ownership of any person who owns 5% or more of the Company shares through a quarterly report, and the person himself shall notify SAMA in writing of his ownership and any changes thereof within 5 working days of the date of occurrence of such change.

These restrictions may, in some cases, impede the Company's ability to attract financial and strategic investors if SAMA denies or delays timely approval, or places conditions that cannot be implemented, which may in turn adversely affect the Company's operations.

2-2-16 Insurance Business Cycle

Global insurance sector witnessed periodical changes with significant fluctuations in operating results due to competition, catastrophic events, economic and social conditions and other factors beyond the control of companies working in the insurance industry. That may result in periods with price competition due to the excess supply, and other periods during which companies will get better premiums. In addition, the increase in recurrence and magnitude of losses that affect the insured can have a significant impact on the mentioned business cycle. It is expected that the Company's insurance business cycles could be adversely affected as a result of these factors.

2-2-17 Political Risks

The tense political situation in the Middle East may have a negative impact on the Kingdom's economy, and thus on the Company's customers to renew their business with it and its ability to obtain new customers which could consequently have negative impacts on the Company's revenues, profits and results of operations. Such risks could have negative impact on capital markets and thus could lead to a substantial negative impact on the Company's share price and the investor's loss of all or part of the value of his investment.

2-2-18 Risks related to Non-compliance with Saudization requirements

The Ministry of Labor has introduced "Nitaqat" program, which has been designed to encourage companies to assign Saudi employees and increase their proportion of the total workforce. According to this program, the Company's compliance with the requirements of Saudization is measured against the percentage of Saudi nationals in the workforce, compared with the average rate of Saudization in the companies operating in the same sector. The Company has achieved the required Saudization rate, and has been categorized within the "medium green category" of Nitaqat program. However, there is no assurance that the Company will succeed in maintaining Saudization percentage required within the prescribed regulatory levels. The Company may be exposed to penalties in the event of non-compliance with the resolutions issued in this regard, including stop issuing work visas for employees needed for the Company, stop transfer of sponsorship of non-Saudi employees or excluding the Company from participating in the government tenders, which would adversely affect the Company's business and results of operations.

Further, Article (5) of the Requirements for Appointments to Senior Positions in Financial Institutions Supervised by SAMA (including insurance companies) provides that priority for appointment to senior positions should be given to Saudi nationals. In cases where non-Saudi national is being appointed to a senior position, the financial institution should demonstrate non-availability of qualified Saudis for position and provide timeframe for appointing a qualified Saudi national to that position within the written non-objection request submitted to SAMA.

The Company has achieved a Saudization rate of (38%) at the senior positions level. SAMA may request the Company to increase the number of its Saudi employees within its senior management to achieve a new Saudization rate of 50% in the following years which means that the Company will have to replace its non-Saudi employees in senior positions with Saudi nationals while the proper replacement might not be available to offset the shortage or perhaps may be available but at a higher cost. The Company may also at any time lose any of its non-Saudi senior managers (i.e. CFO or COO etc.), by

resigning or changing his job title or position within the Company, and it cannot give any assurance that it will get SAMA's approval on the appointment of a non-Saudi nationals to fill in these positions in the future. This could lead to negative impact on the Company's management, continuity of business, operations and financial position.

2-2-19 Risks related to non-Saudi Employees

The Government of Saudi Arabia has taken measures and procedures to regulate the employment of non-Saudi workers, according to the Labor Law and Residence regulations, under which it seeks to take action against companies and foreign employees who do not work for the employers who sponsor them or carry out works not matching with their job titles according to their residence permits.

The Company has a non-Saudi employee who is not under its sponsorship. The Company is in the process of transferring his sponsorship to avoid any penalties that it may be exposed to by the Ministry of Labor. In case of failure to do so, the Ministry of Labor may impose a fine up to one hundred thousand Saudi Riyals (SAR 100,000) for each employee whose employment with the Company does not comply with the labor regulations.

On the other hand, the job title provided in the residency permit (iqamas) of the CFO differs from that contained in his employment contract. Further, the CFO position is restricted to Saudi nationals which will be considered as a violation to the law. The Ministry of Labor may impose a fine of (20,000) Twenty Thousand Saudi Riyals in accordance with the list of violations and penalties set out in of ministerial resolution number 4786 dated 28/12/1436H (corresponding to 11/10/2015G). The Company has initiated steps to amend the residence permits to avoid any accountability that it may be exposed to by the Ministry of Labor. Imposition of fine or sanctions on the Company in case of non-compliance with the applicable regulations and instructions in this regard could adversely affect its business and results of operations.

2-2-20 Lack of local qualified staff in the insurance sector

Staff available in the local market may not meet the Company's need of qualified staff. If the Company could not attract qualified staff from the local market, it would recruit staff from outside the Kingdom. There is no assurance that the Company will be able to get a sufficient number of required work visas from the Ministry of Labor in the Kingdom, especially in light of the Saudization requirements, which creates a high competition among insurance companies in the Kingdom to train and qualify there cadres and attract talents from the local market, resulting in an increase in wages that may pose an additional burden on the Company. In addition, a lack of the Company's ability to attract and retain qualified employees may lead to obstruct the application of its strategy, which would negatively affect its results of operations and financial position. Reference is made to SAMA's circular No. (38639/M Ta'/1051) dated 03/08/1430H (corresponding to 25/07/2009G) regarding mandatory requirement to obtain IFCE certificate for some employees of insurance companies. It should be noted that as of the date of this prospectus twenty six (26) employees obtained (IFCE) certificate. Three (3) employees are exempted from this test and thirteen (13) are required to obtain this certificate and (26) twenty six employees are not required to apply for this certificate. Failure to obtain the certificate would prevent the employees from working with the Company and could lead to a shortage of staff and consequently would affect the Company's business and operating results.

2-2-21 Risks related to insurance business

Facing risks in the insurance business is a matter of discretion, including a lot of important assumptions that cannot be predicted by their nature and they are beyond the control of the Company. This means that analysis of their historical experience and likelihood do not provide adequate indicators of these risks. Therefore, the error in considering net risks to which the Company might be exposed, could have a substantial negative impact on Company's financial position and results of operations.

2-2-22 Risks relating to lack of control over prices

The Company is committed to follow recommendation of the actuary report and SAMA instructions, which may require changes in prices of Company's policies. The high price of Company's products will lead to a lack of attractiveness and thus force customers to go to other companies. Any change in prices in the future may affect the Company's market share and accordingly its revenues and results of operations.

2-3 Risks Relating to the Shares

2-3-1 Effective Control by the Founding Shareholder

The shareholders who own a large number of shares of the Company will be able to influence most matters requiring shareholder approval, may exercise their powers in a manner that could have a significant effect on the Company's business, financial condition, and results of operations.

The Company's Substantial Shareholders, being ANB and ALICO each owns 30% of the Company's paid up capital and AIG MEA is 10% of the Company's paid up capital (Founding Shareholders agreed that Abdullatif Bin Hamad Mohamed Al-Jabr and Salah Rashed Abdulrahman Al-Rashed will each have 5,000 (five thousand) Shares (amounting to ten thousand Shares) on behalf of Arab National Bank . Any voting arrangement among these shareholders may influence important decisions, specifically those requiring Shareholder's approval, including significant corporate expenditures, appointment and removal of members of the Board of Directors (except as prescribed by Articles 69 and 70 of the Companies Regulations, and Article 18 of the Corporate Governance Regulations).

2-3-2 Dividends Distribution

Future dividends will depend on, amongst other things, the financial condition, future profits, capital requirements, distributable reserves, general economic conditions, and other factors that the Directors of the Company deem significant from time to time. Therefore, the Company does not make any assurance that any dividends will be paid in future. It is worth mentioning that the Company has not distributed any dividends to shareholders since its inception.

2-3-3 Potential Fluctuations in the Share Price

The market price of the Company's Rights during the Offering period may not be indicative of the market price of the Company's Shares after the Offering. In addition, the Company's share price may not be stable and could be significantly affected by fluctuations resulting from a change of market's trends in connection with the Rights or the Company's existing Shares. These fluctuations may also result from several factors including, without limitation, market conditions for equity, any regulatory changes in the insurance sector or conditions and trends of the insurance sector, deterioration in the Company's performance, inability to implement future plans, entry of new competitors, announcements by the Company or its competitors concerning mergers, acquisitions, strategic alliances, joint ventures, changes made by experts and securities analysts concerning the financial performance estimates.

Selling substantial quantities of Shares by the shareholders or the perception that such sale may take place, may adversely affect the share price in the market. In addition, the investors may be unable to sell their Shares in the secondary market without adversely affecting the price.

There is no guarantee that the market price of the Company's Shares will not be lower than the issue price. If this happens once the investors have subscribed for the New Shares, such subscription may not be cancelled nor amended; therefore, the investors may immediately suffer from unrealized losses. Moreover, there is no guarantee that the Shareholder will be able to sell his Shares at a price equal or higher than the issue price after subscribing for them

2-3-4 Potential Fluctuations in the Price of the Rights

The Rights' market price may be subject to significant fluctuations due to the change of market trends with regard to the Company's Shares. These fluctuations may be significant due to the difference between the authorized limits of price change for trading in the Rights, as compared to the authorized limits of price change for trading in the Shares. In addition, the trading price of the Rights depends on the trading price of the Company's Shares and the market perception of the potential price of the Rights. These factors and the factors mentioned under the "Potential Fluctuations in the Share Price" above may also affect the trading price of the Rights.

The sale of a large number of the Company shares in the stock market or anticipating such thing might adversely affect the share prices in the market in general and the Company's shares in particular.

2-3-5 Lack of Demand for the Company's Shares and Rights

There is no guarantee that there will be sufficient demand for the Company's Rights during the trading period, in order to enable the holder of such Rights (whether a Registered Shareholder or a new investor) to sell the Rights and realize a profit, or enable him to sell these Rights at all. There is also no guarantee that there will be sufficient demand for the Company's Rump Shares by the Institutional Investors during the Rump Offering. In case the Institutional Investors do not subscribe for the Rump Shares at a high price, the compensation amount may not be sufficient in order to be distributed to the holders

of unexercised Rights. Moreover, there can be no assurance that there will be sufficient market demand for the New Shares obtained by an Applicant either (a) through subscription to the Rights, (b) during the Rump Offering or (c) in the open market. In any of these cases, the Applicant may not be able to sell shares immediately in the market and his holding period might exceed than initially anticipated by him. Moreover, there is no guarantee that the Applicant will be able to sell his Shares at a price equal or higher than the issue price after subscribing for them.

2-3-6 Risks relating to trading in the Rights

Speculation relating to the Rights Issue may cause material losses. The limits of price change allowed for the trading of the Rights ("share's indicative value") exceeds the percentage of the shares' prices (by 10% upward or downward). There is also a direct correlation between the Company's share price and the share's indicative value. Accordingly, the daily price limits for the trading of a Right will be affected by the daily price limits for share trading.

In case a speculator fails to sell the Rights before the end of the Trading Period, he will be forced to exercise these Rights to subscribe for New Shares and may incur some losses. Thus, the investors should review the full details of the mechanism of listing and trading of Rights and New Shares and the functioning method thereof and should be aware of all the factors affecting them, to make sure that any investment decision will be based on complete awareness and understanding

2-3-7 Potential Dilution of Ownership

If the holders of the Rights do not fully exercise their Rights with respect to the acquisition of New Shares in the Offering, their shareholding percentage and voting rights will be reduced. In case the registered holder of the Rights wishes to sell his Rights during the Trading Period, there can be no assurance that its returns will be sufficient to fully compensate the drop of its shareholding percentage in the Company's capital resulting from the Company's capital increase.

2-3-8 Failure to Exercise the Rights in a Timely Manner

The Eligible Persons and financial intermediaries representing them should take the appropriate measures to comply with all required instructions and receive their certificates prior to the expiry of the subscription period. If the holders of the Rights and the financial intermediaries are not able to properly follow the procedures for the trading of the Rights, the Subscription Application Form may be rejected (See Section 19 "Subscription Terms and Instructions"). If the Eligible Persons are not able to exercise their subscription rights properly by the end of the Second Offering Period, according to the Rights held by them, there can be no assurance that a compensation amount will be distributed to the eligible shareholders who did subscribe, or who did not exercise properly underwriting procedures, which accordingly will lead to the low percentage of ownership

2-3-9 Expiry of Lock-up Period

Upon establishment and listing of the Company's shares on 23/01/1435H (corresponding to 26/11/2013G) the Founding Shareholders whose aggregate shareholding was 70% of the Company's total shares were restricted from selling their Shares in the Company for a period of 3 full fiscal years elapsed (i.e. until the date of announcement of the financial results for the fiscal year 2016G). After the lock-period, the Founding Shareholder have the right to dispose their shares after obtaining SAMAs and CMA's approvals. Therefore, selling or buying more shares by the Founding Shareholder could affect the Company's share price.

2-3-10 Risks Relating to Future Statements

Certain Statements contained in this Prospectus constitute future statements and involve known and unknown risks and certain unascertained matters, which may affect the Company's results. These statements include, by way of example and not exhaustively, statements relating to the Company's financial position and business strategy and plans, and goals in relation to future operations (including development plans and goals relating to the Company's services). If any of the assumptions are incorrect or invalid, the actual results may be materially different from the results mentioned in this Prospectus, and investors may lose all or part of the value of their investments

2-3-11 Absence of Prior Market for the Rights

Rights issue is a new market for investors on Tadawul system, and as such, many investors may not know a lot about the mechanism of trading in rights. This may adversely affect their willingness to invest and trade in Rights, and accordingly the percentage of their ownership in the Company will be reduced, which may lead to a negative impact on those who have not exercised their rights of subscription, particularly in case of no compensations distributed to them, when Institutional Subscribers do not offer a prices higher than the Offer price for the Rump Shares.

2-3-12 Risks related to Issue of new shares in the future

The Company has the right to issue new shares in the future after obtaining SAMA's and CMA's approvals. Ownership of shareholders not subscribing in the offering, and their voting power in the Company will be reduced, and earnings per share will also fall because of the high number of shares.

2-3-13 Risks related to Strategic Shareholders Selling their Equity (wholly or partially) or Exiting the Company

The Strategic Shareholders ALICO and AIG MEA Investment and Services (Subsidiary of AIG) provides the Company with technical expertise and plays an active role in shaping the Company's strategy through their representation on the Board. Moreover, the Listing Rules require any person holding more than 10% of the shares issued by a listed company to obtain the CMA's approval before disposing of any of his shares, which requirement will apply to the Strategic Shareholders given that each of them own more than 10% of the Company's Shares. If the Strategic Shareholders sells all their Shares in the Company, the Company will no longer benefit from their technical expertise, which could have an adverse effect on the Company's financial condition and results of operations.

2-3-14 No assurance that Eligible Persons will have Compensation

The subscription period will start on the 21/05/1437 H (corresponding to 01/03/2016 G) and end on the 06/06/1437 H (corresponding to 15/03/2016 G). The Eligible Persons and financial intermediaries representing them should take the appropriate measures to comply with all required instructions and subscribe in the new shares prior to the expiry of the subscription period (For more details, please refer to section 19 "Subscription Terms and Conditions").

If the Eligible Persons could not exercise their subscription rights properly by the end of the subscription period, according to the Rights held by them, there would be no assurance that a compensation amount might be distributed to the Eligible Persons who did not participate or did not properly subscribe for the New Shares.

2-3-15 Non-exercise of Rights by Substantial Shareholders

If the major shareholders do not subscribe to their full rights to obtain New Shares in the Offering, the ownership and voting rights pertaining thereto and their representation on the Board of Directors will decrease. The return they receive will decrease due to the decrease in their ownership percentage after the capital increase. The decrease in the major shareholders' voting rights will be reflected in their support, the extent of their influence and effectiveness, and their control in making significant decisions for the Company, which could have a substantial effect on the Company's decisions and financial position.

3. Market Overview

3-1 Market Overview and Insurance Sector

3-1-1 Sources of Information

The information and data contained in this Prospectus regarding the Saudi economy and the insurance industry have been obtained from different sources available to the public and believed to be reliable. While neither the Company, its directors nor any of its advisors have any reason to believe that any of the information mentioned in this section is materially inaccurate, such information has not been independently verified and no representation can be made with respect to its accuracy or completeness. Sources of information regarding the Saudi economy and insurance industry include:

3-1-1-1 Annual Report of SAMA for the fiscal year 2014G

SAMA was established in (1952G). The main functions of SAMA include:

- issuing national currency (Saudi Riyal);
- acting as a banker to the Government;
- supervising and monitoring the work of commercial banks insurance and reinsurance companies and service providers;
- managing the Kingdom's foreign currency reserves;
- conducting monetary policy to promote price and exchange rate stability; and
- promoting growth and ensuring the soundness of the financial system.

"The annual report of SAMA for the fiscal year 2014G" has been used in this Prospectus. It is obtainable from internet and therefore no consent has been pursued to use such information.

3-1-1-2 Swiss Reinsurance Company ("Swiss Re") Report on World Insurance 2014G

Swiss Re is a leading company in the field of reinsurance. It was established in 1863G in Zurich, Switzerland. Swiss Re has a presence in more than twenty five (25) countries and publishes a range of reports on insurance markets worldwide. The information obtained from Swiss Re as used in this Prospectus on World Insurance 2014G is publicly available and can be obtained via the internet and therefore written consent to use their reports in the Prospectus has not been sought.

3-1-2 Saudi Economy at a glance³

The Saudi economy continued its growth during 2014G as a result of ongoing government spending on development projects and continuous structural and regulatory reforms aimed at achieving sustainable economic growth through diversifying the production base and increasing the contribution of non-oil sector.

GDP at constant prices (base year 2010G) grew by 3.5% to SAR 2,431.9 billion in 2014G compared to a growth of 2.7% in 2013G. The oil sector GDP increased by 1.5% to SAR 1,037.6 billion, while the non-oil sector GDP grew by 5% to SAR 1,374.3 billion. The growth rate of the non-oil private sector GDP went up by 5.6% to SAR 959.6 billion, while that of the non-oil government sector rose by 3.7% to SAR 414.7 billion in 2014G.

The development policies of the government continued achieving the goals outlined in the 9th Development Plan during the years 2010-2014G. This was clearly reflected in the rise in real GDP growth rates, particularly in the economically-efficient activities such as industrial activities (manufacturing industry and petrochemicals), services industry and the reduction in inflation rates and unemployment. It was also reflected in the ability of the economic policies of the government to overcome the spillovers of the financial crisis and its repercussions manifested in the slowdown of the world economic growth.

Table 3.1: Major economic indicators of the Kingdom of Saudi Arabia

| Economic Indicators | 2010G | 2011G | 2012G | 2013G | 2014G |
|---|---------|---------|---------|---------|---------|
| Nominal GDP (SAR billion) | 1,975.5 | 2,510.6 | 2,752.3 | 2,791.3 | 2,798.4 |
| Real GDP (SAR billion) (base year 2010) | 1,975.5 | 2,172.3 | 2,289.3 | 2,350.4 | 2,431.9 |
| Estimated Population (in millions) | 27.56 | 28.37 | 29.20 | 29.99 | 30.77 |
| GDP per Capita (SAR) | 71,674 | 88,497 | 94,274 | 93,060 | 90,946 |

| Economic Indicators | 2010G | 2011G | 2012G | 2013G | 2014G |
|--|-------|--------|--------|--------|-------|
| Inflation rate (%) | 3.80 | 3.72 | 2.87 | 3.52 | 2.68 |
| Average Daily Saudi Oil Production (million barrels) | 8.2 | 9.3 | 9.8 | 9.6 | 9.7 |
| Average Price of Arabian Light Oil (USD per barrel) | 77.82 | 107.82 | 110.22 | 106.53 | 97.18 |
| Oil Sector Contribution to GDP (%) | 45 | 51 | 50 | 47 | 43 |

Source: SAMA Annual Report 2014G

Government funding had witnessed a significant improvement during 2007-2014G due to increase in oil prices, which increased at a CAGR of 5.1% from USD 68.75 per barrel in 2007G to USD 97.18 per barrel in 2014G. As a result, government revenues grew at a CAGR of 7.2% from SAR 643 billion in 2007G to SAR 1,044 billion in 2014G, while the government spending grew significantly at a CAGR of 13.1% from SAR 466 billion in 2007G to SAR 1,110 billion in 2014G. During this period, the debt ratio also dropped significantly from 17% of GDP in 2007G to 1.6% of GDP in 2014G as the spending was financed through government revenues.

Table 3.2: Government Finances

| Government Finances | 2007G | 2008G | 2009G | 2010G | 2011G | 2012G | 2013G | 2014G |
|---------------------------------------|-------|---------|-------|-------|---------|---------|---------|---------|
| Government Revenues (SAR billion) | 642.8 | 1,101.0 | 509.8 | 741.6 | 1,117.8 | 1,247.4 | 1,156.4 | 1,044.4 |
| Government Expenditures (SAR billion) | 466.2 | 520.1 | 596.4 | 653.9 | 826.7 | 873.3 | 976.0 | 1,109.9 |
| Budget Deficit/Surplus (SAR billion) | 176.6 | 580.9 | -86.6 | 87.7 | 291.1 | 374.1 | 180.4 | -65.5 |
| Budget surplus to GDP (%) | 11.3 | 29.8 | -5.4 | 4.4 | 11.6 | 13.6 | 6.4 | -2.3 |
| Debt to GDP (%) | 17.1 | 12.1 | 14.0 | 8.5 | 5.4 | 3.1 | 2.2 | 1.6 |

Source: SAMA Annual Report 2014G

All GDP components had witnessed a healthy CAGR during the last five years from 2010G to 2014G. Sectors with the highest growth rates during the last five years included transportation, storage & communications (6.2%), construction (5.8%), wholesale, retail, restaurants & hotels (5.3%) and manufacturing (4.8%).

Table 3.3: Trend of Real GDP by Economic Activity

| (SAR million) | 2010G | 2011G | 2012G | 2013G | 2014G | CAGR |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|--------------|
| | | | | | | (2010-2014G) |
| Agriculture, forestry & fishing | 47,063.40 | 48,080.70 | 48,694.30 | 49,623.00 | 50,502.10 | 1.42% |
| Mining & Quarrying | 821,227.90 | 929,688.90 | 977,512.40 | 963,602.20 | 970,994.60 | 3.41% |
| Manufacturing Industries | 218,170.90 | 237,597.20 | 247,269.10 | 255,603.20 | 275,614.60 | 4.79% |
| Electricity, Gas & Water | 26,280.90 | 27,722.70 | 29,356.90 | 29,836.20 | 31,557.50 | 3.73% |
| Construction | 90,780.50 | 99,739.00 | 104,498.70 | 112,617.50 | 120,211.10 | 5.78% |
| Wholesale, Retail, Restaurants & Hotels | 174,505.80 | 188,256.70 | 199,615.70 | 212,697.30 | 225,420.40 | 5.25% |
| Transport, Storage & Communication | 101,204.80 | 115,172.80 | 120,858.40 | 128,619.80 | 136,601.80 | 6.18% |
| Finance, Insurance, Real Estate & Business services | 182,603.90 | 185,913.70 | 199,930.20 | 218,365.30 | 227,349.90 | 4.48% |
| Community & Social & Personal services | 37,767.70 | 40,201.70 | 42,589.40 | 45,339.90 | 47,907.80 | 4.87% |
| Less: imputed bank service charges | -19,595.10 | -19,804.70 | -19,962.50 | -20,168.70 | -20,366.50 | 0.78% |
| Sub-total | 1,680,010.60 | 1,852,568.60 | 1,950,362.40 | 1,996,135.60 | 2,065,793.20 | 4.22% |
| Producers of Gov. Services | 280,863.00 | 303,157.00 | 319,349.50 | 335,056.60 | 346,098.60 | 4.27% |
| Import duties | 14,669.00 | 16,560.70 | 19,539.90 | 19,180.80 | 19,985.60 | 6.38% |
| Gross Domestic Product | 1,975,542.60 | 2,172,286.20 | 2,289,251.70 | 2,350,372.90 | 2,431,877.30 | 4.24% |

Source: SAMA Annual Report 2014G

3-1-3 Global Insurance Markets⁴

The global insurance industry continued its recovery in 2014G. Total Gross Written Premium (GWP) grew by 3.7% in 2014G to USD 4,778 billion after a year of stagnation in 2013G. In the advanced markets, GWP increased by 2.9%, still below the pre-crisis long-term growth rate of 3.4%. Emerging market premiums were up by 7.4%. After five years of stagnation, the growth in GWP in the advanced markets in 2014G was substantial, and growth in the emerging markets maintained a steady pace. The weak growth in the advanced markets in the last five years was mainly driven by fluctuations in life premium. Non-life premiums, meanwhile have been on a gradual uptrend since 2009G.

Europe, America and Asia markets are the major insurance markets in the world, which formed 36%, 29% and 28%; respectively, of the total global insurance market in 2014G.

3-1-4 Middle Eastern & North African Insurance Market Overview

The insurance industry in the Middle Eastern and North African (MENA) countries is still in its nascent stages, compared with other advanced world economies as it is characterized with low penetration & density rates and to some extent weakness of legislative regulations compared to the developed economies.

During the past five years, the insurance sector witnessed strong growth rates in the region. Although these growth rates are important, the region still has a long way to go before becoming a mature insurance sector. It is expected that the movement of MENA countries economics, government's efforts to develop legislative regulations and increased investments will have a positive impact on the insurance sector and ensure continuous growth in the coming years.

Saudi Arabia and UAE are the two major markets in the MENA region and together these constitute around 44% of the total GWP in MENA countries in 2014G. In Saudi Arabia, the premium growth of 21% in 2014 was supported by the relatively stable economic environment and strong growth in recently introduced compulsory lines. Premiums written in health insurance, the biggest line of business, were up by 22% from 14% growth in 2013G, as the minimum limit for coverage was doubled. Motor premium growth remained strong at 26%, although lower than the 36% registered in 2013G. In the UAE, GWP grew by an estimated 13% in 2014G, mainly driven by a strong growth in medical insurance premiums, the fastest growing line of business there.

The outlook for the insurance industry in MENA region is cautiously optimistic. The introduction of compulsory lines, spending on infrastructure and construction projects, and improving regulatory regimes should all boost growth. Medical insurance is expected to expand robustly as governments enact or extend laws on compulsory medical insurance coverage, for example in Saudi Arabia, Qatar and UAE. In personal lines, premium growth will pick up as the middle class expands, awareness and acceptance of takaful and conventional insurance products rises, and more banks begin selling insurance products.

The table below shows the total gross underwritten premiums for MENA region in 2014G.

| Country | 2012G | | 2013G | | % Change (2012- 2013G) | 2014G | | %Change (2013- 2014G) |
|-----------------------|-----------|--------------------------|-----------|--------------------------|------------------------------|-----------|--------------------------|-----------------------------|
| | GWP | % of Global Market | GWP | % of Global Market | | GWP | % of Global Market | |
| | (USD mn) | | (USD mn) | | | (USD mn) | | |
| U.A.E | 7,155 | 0.16% | 8,034 | 0.17% | 12.29% | 9,106 | 0.19% | 13.34% |
| Saudi Arabia | 5,646 | 0.12% | 6,731 | 0.15% | 19.22% | 8,128 | 0.17% | 20.75% |
| Iran | 11,583 | 0.25% | 6,689 | 0.15% | -42.25% | 7,458 | 0.16% | 11.50% |
| Morocco | 3,017 | 0.07% | 3,180 | 0.07% | 5.40% | 3,400 | 0.07% | 6.92% |
| Qatar | 1,339 | 0.03% | 1,994 | 0.04% | 48.92% | 2,183 | 0.05% | 9.48% |
| Egypt | 1,789 | 0.04% | 1,898 | 0.04% | 6.09% | 1,968 | 0.04% | 3.69% |
| Algeria | 1,379 | 0.03% | 1,520 | 0.03% | 10.22% | 1,597 | 0.03% | 5.07% |
| Lebanon | 1,308 | 0.03% | 1,417 | 0.03% | 8.33% | 1,513 | 0.03% | 6.77% |
| Oman | 857 | 0.02% | 947 | 0.02% | 10.50% | 1,035 | 0.02% | 9.29% |
| Kuwait | 904 | 0.02% | 946 | 0.02% | 4.65% | 1,007 | 0.02% | 6.45% |
| Tunisia | 811 | 0.02% | 860 | 0.02% | 6.04% | 888 | 0.02% | 3.26% |
| Jordan | 657 | 0.01% | 694 | 0.02% | 5.63% | 736 | 0.02% | 6.05% |
| MENA Countries | 36,445 | 0.79% | 34,910 | 0.76% | -4.21% | 39,019 | 0.82% | 11.77% |
| Other World Countries | 4,562,506 | 99.21% | 4,558,722 | 99.24% | -0.08% | 4,739,229 | 99.18% | 3.96% |
| Total GWP in World | 4,598,951 | 100.00% | 4,593,632 | 100.00% | -0.12% | 4,778,248 | 100.00% | 4.02% |

Source: Swiss Re-World Insurance Report 2013G & 2014G

4 Swiss Re Report on Global Insurance 2014G

3-1-5 Insurance industry in Saudi Arabia

This section provides an overview of the current status of the insurance sector in Saudi Arabia, which covers regulatory situation, general indicators of insurance industry, competitive environment and key growth drivers.

3-1-5-1 Insurance Market in the Kingdom of Saudi Arabia

The insurance market in Saudi Arabia grew at a CAGR of 13% per annum over 2010–2014G. GWP totaled at SAR 30.4 billion in 2014G vis-à-vis SAR 25.2 billion in 2013G. Non-life insurance was the key contributor to the industry's growth. The segment expanded 19.7% year-on-year in 2014G, while growth in the life insurance segment remained subdued. Factors such as strong economic growth, structural reforms, favorable demographics and regulatory environment have been vital for the industry's growth. Regulatory changes undertaken with the adoption of the cooperative insurance model in 2005 and measures implemented by the government (mandatory health insurance for expatriates and motor insurance) have been the key growth drivers for the insurance industry. The life insurance market, on the other hand, remains weak due to religious beliefs, lack of awareness and presence of a large expatriate population for whom life insurance is not a priority.

The Saudi insurance industry is the second largest in the MENA region, contributing 20.8% to the region's total GWP in 2014G. Yet, it is young vis-à-vis the UAE, the largest market in GCC, as well as emerging and developed markets, as reflected by the low penetration and insurance density. As of 2014G, the Kingdom's insurance penetration was equivalent to 1.1% of GDP compared to the UAE's 2.2%, while Brazil, Russia, India and China (BRIC countries) had an average penetration of 3.0%.

As of 2014G, Saudi Arabia had an insurance density of SAR 990.0 compared to SAR 3,652.0 in the UAE, SAR 15,063.8 in the US and SAR 18,086.3 in UK. The low insurance density in the country compared to other markets (UAE) in the GCC region and developed economies (such as UK and the US) indicate significantly high potential for growth.

3-1-5-2 The regulatory environment and recent developments

Insurance market in the Kingdom remained suffering of lack of effective organization until 2003G. The majority of companies were Bahrain-based foreign representative units. In 2003G, SAMA began organizing the insurance sector and issued Cooperative Insurance Companies Regulations for the year 2003G, which stipulated that all insurance companies should transform their overseas operations to the Kingdom, list their shares in the Saudi stock market, and the majority of company's shares should be owned by local partners. This law has made radical changes in the Saudi insurance market

In 2006G, SAMA imposed compulsory health insurance for non-Saudis, provided new incentives for insurance sector in the Kingdom. In 2010G, SAMA revealed plans to prevent all foreign insurance companies operating in the Kingdom through local agents from issuing and renewing insurance policies unless they obtain licenses from SAMA. In addition, the Insurance Intermediary Regulation, published in October 2011G, has stipulated the commission to be paid to brokers and agents. This regulation also stipulated that a broker shall not have more than five branches in the Kingdom if its capital is SAR 500,000. Moreover, the agent should increase its capital by SAR 100,000 for each additional branch before being approved by SAMA.

In December 2011G, SAMA issued a specific regulation for insurance activities over internet and stipulated that all companies shall use local cooperative model, which entitles the policyholder to get 10% of the net surplus (losses shall not be turned to policyholder).

In June 2014G, SAMA issued a draft of corporate governance regulation for insurance companies in order to develop a unified high-level framework for governance of companies operating in the insurance sector in accordance with the best practices recognized worldwide.

On 21/10/2015G SAMA issued the Corporate Governance Regulations for insurance companies. Article (10) of the regulation stipulates that the Company's Board must put in place and develop a code of corporate governance in accordance with this regulation, and make it available to the Company's shareholders within three hundred and sixty (360) calendar days from the issuance date of this Regulation for licensed companies, and from the date of issuing the license for other companies. The Board must present the code to the General Assembly for approval in the first meeting thereafter, and submit a copy thereof to SAMA within twenty one (21) working days from the date of its approval by the General Assembly. In addition, the Board must review the Company's code of corporate governance at least on an annual basis and recommend any necessary amendments to the General Assembly. All amendments must be submitted to SAMA within twenty one (21) working days from the date of the amendment. The Regulations stipulated that the insurance companies shall establish specialized Board committees to extend its oversight into particular areas of the Company's activities, such as nomination and remuneration, audit, risk management, investment, regulatory compliance, disclosure, governance, human resource, strategic development, etc., and delegate the necessary powers to its committees and monitor their performance. Article (90) of the regulation specifically stipulated that at a minimum, the Board shall establish an executive committee, an audit committee, a nomination and remuneration committee, a risk management committee, and an investment committee.

3-1-5-3 Saudi Arabian Monetary Agency (SAMA) Responsibilities and Objectives

Saudi Arabian Monetary Agency (SAMA) is the official regulator of insurance sector in the Kingdom. The following is a summary of SAMA's most prominent responsibilities and objectives:

- provide and establish appropriate standards for provision of insurance services;
- promote stability in the insurance market;
- protect the rights of insured parties and investors;
- encourage fair and effective competition and provide better insurance services at competitive prices and coverage;
- regulate the relationship between the insurers/ reinsurers and service providers in order to ensure compliance with laws and regulations governing the market; and
- train and localize manpower (Saudization).

3-1-5-4 Law on Supervision of Cooperative Insurance Companies and Implementing Regulations

The Law on Supervision of Cooperative Insurance Companies was approved by Royal Decree number M/32 dated 02/06/1424H (corresponding to 31/7/2003G) which set the stage for the legal framework and supervision of the insurance sector. SAMA was appointed to act as a regulator and responsible body for the supervision of the insurance sector. Subsequently, Implementing Regulations were issued by Ministerial Decree No. 1/596 dated 1/3/1425H (corresponding to 20/4/2004G) to govern the insurance business in Saudi Arabia. Some of the salient features of Law on Supervision of Cooperative Insurance Companies and its Implementing Regulations are as follows:

- Insurance activities within Saudi Arabia must be carried out by insurance companies established and registered in Saudi Arabia and operated in a "Cooperative/Takaful" manner consistent with the principles of Islamic Law and Jurisprudence;
- Applicant insurer/reinsurer must be a joint stock company, established primarily to engage in insurance and/or reinsurance activities with direct insurers having a minimum capital of one hundred million Saudi Arabian Riyals (SAR 100,000,000) and reinsurers having a minimum capital of two hundred million Saudi Arabian Riyals (SAR 200,000,000);
- Gross premiums written should not exceed ten times the amount of the paid up capital of the Company;
- Direct insurers must retain at least 30% of total gross written premiums within the Kingdom of Saudi Arabia;
- 90% of the net surplus must be transferred from insurance operations to the Shareholders' income statement and the balance of 10% must be distributed to the policyholders either directly or in the form of a future reduction in premiums; and
- Direct insurers must reinsure a minimum of 30% of total gross written premiums within the Kingdom of Saudi Arabia.

3-1-5-5 Insurance Industry - Key Indicators

This section provides an analysis of the general indicators of insurance industry in the Kingdom and their rates of growth over the past five years and a brief overview of the insurance sub-sectors.

3-1-5-6 Gross Written Premiums

The overall insurance Gross Written Premiums increased by SAR 5.24 billion to reach at SAR 30.48 billion in 2014G, compared to SAR 25.24 billion in 2013G, which represents a growth of 21%. Health insurance remained the biggest line of business in 2014. Its contribution to total GWP slightly increased from 51% in 2013G to 52% in 2014G, while General insurance's contribution to total business volume decreased to 45% in 2014G. Health insurance accounted for SAR 2.8 billion of the SAR 5.24 billion increase in 2014G, which represents a 53% contribution to the market's GWP increase.

Protection and Savings insurance remained the smallest line of business accounting for 3% of total GWP, with an increase in its written premiums by 7% in 2014G.

Table 3.4: Growth in Gross Written Premium by Business Lines

| Line of Business | 2010G | 2011G | | 2012G | | 2013G | | 2014G | | CAGR |
|-------------------------------------|--------------------------------------|--------------------------------------|---------------------|--------------------------------------|---------------------|--------------------------------------|---------------------|--------------------------------------|---------------------|---------------|
| | Gross Written Premium (SAR millions) | Gross Written Premium (SAR millions) | % Change 2010-2011G | Gross Written Premium (SAR millions) | % Change 2011-2012G | Gross Written Premium (SAR millions) | % Change 2012-2013G | Gross Written Premium (SAR millions) | % Change 2013-2014G | 2010-2014G |
| Health | 8,690 | 9,708 | 11.71% | 11,285 | 16.24% | 12,895 | 14.27% | 15,720 | 21.91% | 15.97% |
| Motor | 3,239 | 3,922 | 21.09% | 4,689 | 19.56% | 6,355 | 35.53% | 8,026 | 26.29% | 25.46% |
| Property and Fire | 959 | 1,157 | 20.65% | 1,348 | 16.51% | 1,665 | 23.52% | 1,923 | 15.50% | 14.00% |
| Accident and Liabilities and Others | 507 | 632 | 24.65% | 691 | 9.34% | 941 | 36.18% | 1,079 | 14.67% | 20.78% |
| Engineering | 869 | 913 | 5.06% | 1,077 | 17.96% | 1,200 | 11.42% | 1,434 | 19.50% | 13.34% |
| Marine | 518 | 634 | 22.39% | 743 | 17.19% | 740 | -0.40% | 811 | 9.59% | 11.86% |
| Protection and Saving | 972 | 905 | -6.89% | 889 | -1.77% | 845 | -4.95% | 904 | 6.98% | -1.80% |
| Energy | 329 | 361 | 9.73% | 385 | 6.65% | 456 | 18.44% | 443 | -2.85% | 7.72% |
| Aviation | 304 | 272 | -10.53% | 67 | -75.37% | 144 | 114.93% | 140 | -2.78% | -17.62% |
| Total | 16,387 | 18,504 | 12.92% | 21,174 | 14.43% | 25,239 | 19.20% | 30,482 | 20.77% | 16.78% |

Source: SAMA Insurance Report 2014G

- Motor and Health insurance accounted for around 77.9% of total GWP in 2014G
- Health insurance, which includes both compulsory and non-compulsory lines of business, remained the largest line of business, accounting for 51.6% of total GWP in 2014G
- Motor compulsory and non-compulsory lines of business stood in second place with a 26.3% share of total GWP
- Motor underwritten premiums recorded the highest growth rate in 2014G at 26.3%
- Health and Engineering insurance underwritten premiums increased by 21.9% and 19.5% respectively in 2014G

Table 3.5: Contribution by Line of Business to Gross Written Premium

| Line of Business | 2010G | | 2011G | | 2012G | | 2013G | | 2014G | |
|-------------------------------------|--------------------------------------|----------------|--------------------------------------|----------------|--------------------------------------|----------------|--------------------------------------|----------------|--------------------------------------|----------------|
| | Gross Written Premium (SAR millions) | % of Total GWP | Gross Written Premium (SAR millions) | % of Total GWP | Gross Written Premium (SAR millions) | % of Total GWP | Gross Written Premium (SAR millions) | % of Total GWP | Gross Written Premium (SAR millions) | % of Total GWP |
| Health | 8,690 | 53.0% | 9,708 | 52.5% | 11,285 | 53.3% | 12,895 | 51.1% | 15,720 | 51.6% |
| Motor | 3,239 | 19.8% | 3,922 | 21.2% | 4,689 | 22.1% | 6,355 | 25.2% | 8,026 | 26.3% |
| Property and Fire | 959 | 5.9% | 1,157 | 6.3% | 1,348 | 6.4% | 1,665 | 6.6% | 1,923 | 6.3% |
| Accident and Liabilities and Others | 507 | 3.1% | 632 | 3.4% | 691 | 3.3% | 941 | 3.7% | 1,079 | 3.5% |
| Engineering | 869 | 5.3% | 913 | 4.9% | 1,077 | 5.1% | 1,200 | 4.8% | 1,434 | 4.7% |
| Marine | 518 | 3.2% | 634 | 3.4% | 743 | 3.5% | 740 | 2.9% | 811 | 2.7% |
| Protection and Saving | 972 | 5.9% | 905 | 4.9% | 889 | 4.2% | 845 | 3.3% | 904 | 3.0% |
| Energy | 329 | 2.0% | 361 | 2.0% | 385 | 1.8% | 456 | 1.8% | 443 | 1.5% |
| Aviation | 304 | 1.9% | 272 | 1.5% | 67 | 0.3% | 144 | 0.6% | 140 | 0.5% |
| Total | 16,387 | 100.0% | 18,504 | 100.0% | 21,174 | 100.0% | 25,239 | 100.0% | 30,482 | 100.0% |

Source: SAMA Insurance Report 2014G

3-1-5-7 Insurance Market Penetration

Insurance penetration is defined as Gross Written Premiums divided by the total GDP. During the last five years (2010-2014G), insurance penetration has increased at a CAGR of 3.0%. In 2014G, insurance penetration increased to 1.1%, up from 0.9% in 2013G. Non-oil insurance penetration is defined as Gross Written Premiums divided by the total non-oil GDP. Insurance penetration of non-oil GDP increased to 1.9% in 2014G compared to 1.7% in 2013G. However, insurance penetration of non-oil GDP ratio declined at rate of (2.0%) during the period between 2010G to 2014G.

Table 3.6: Insurance Penetration as a Percentage of GDP

| Business Lines | 2010G | 2011G | 2012G | 2013G | 2014G | Change (%) 2013-2014 |
|-------------------------------------|--------------|--------------|--------------|--------------|--------------|-------------------------|
| Total General Insurance | 0.40% | 0.36% | 0.33% | 0.41% | 0.49% | 19.5% |
| Total Health Insurance | 0.51% | 0.45% | 0.41% | 0.46% | 0.56% | 21.7% |
| Total Property and Saving Insurance | 0.06% | 0.04% | 0.03% | 0.03% | 0.03% | 0.0% |
| Total | 0.97% | 0.85% | 0.78% | 0.90% | 1.08% | 20.0% |

Source: SAMA Insurance Report 2014G

3-1-5-8 Insurance Density

Insurance density is defined as average expenditure by an individual on insurance products (Gross Written Premiums per Capita). Insurance density increased from SAR 864 per capita in 2013G to SAR 991 per capita in 2014G, which represents a 14.6% increase. Expenditures per capita on insurance products have also increased at a CAGR of 13.0% between 2010G and 2014G. The density of Protection and Savings insurance remained low in absolute terms, and relative to General and Health insurance, at SAR 29 per capita in 2014G.

Table 3.7: Insurance Density as a Percentage of GDP per capita

| Business Lines | 2010G | 2011G | 2012G | 2013G | 2014G | Change 2013-2014G |
|-------------------------------------|------------|------------|------------|------------|------------|----------------------|
| | SAR (mn) | SAR (mn) | SAR (mn) | SAR (mn) | SAR (mn) | |
| Total General Insurance | 248 | 291 | 308 | 394 | 450 | 14.2% |
| Total Health Insurance | 320 | 358 | 387 | 442 | 511 | 15.6% |
| Total Property and Saving Insurance | 36 | 33 | 30 | 29 | 29 | - |
| Total | 604 | 682 | 725 | 865 | 990 | 14.5% |

Source: SAMA Insurance Report 2014G

3-1-5-9 Gross Claims

Total gross claims paid increased by 19.0% from SAR 17.0 billion in 2013G to SAR 20.3 billion in 2014G, primarily because of the claims from Health and Motor businesses which grew by 11.2% and 28.6%, respectively in 2014G. In 2014G, Engineering insurance recorded the highest growth rate in gross claims paid, after increasing by 162.6% from SAR 213 million to SAR 559 million. The table below indicates the claims paid for different line of businesses from 2010G to 2014G:

Table 3.8: Gross Claims paid by Line of Business

| | 2010G | | 2011G | | 2012G | | 2013G | | 2014G | | CAGR |
|---------------|-----------------------|-------------------|-----------------------|-------------------|-----------------------|-------------------|-----------------------|-------------------|-----------------------|-------------------|---------------|
| | Gross Claims (SAR mn) | % of Total Claims | Gross Claims (SAR mn) | % of Total Claims | Gross Claims (SAR mn) | % of Total Claims | Gross Claims (SAR mn) | % of Total Claims | Gross Claims (SAR mn) | % of Total Claims | 2010-2014G |
| Motor | 1,881.50 | 22.1% | 2,730.00 | 23.8% | 3,464.80 | 25.4% | 4,720.20 | 27.8% | 6,069.00 | 29.9% | 34.01% |
| Property/Fire | 397.3 | 4.7% | 527.4 | 4.6% | 773.6 | 5.7% | 859.7 | 5.1% | 1,312.00 | 6.5% | 34.80% |
| Marine | 276.5 | 3.2% | 205.8 | 1.8% | 257.3 | 1.9% | 374.1 | 2.2% | 261.2 | 1.3% | -1.41% |
| Engineering | 159.2 | 1.9% | 226.1 | 2.0% | 239.7 | 1.8% | 213.0 | 1.3% | 559.4 | 2.8% | 36.91% |
| Energy | 138.5 | 1.6% | 82.2 | 0.7% | 58.5 | 0.4% | 1.2 | 0.0% | 1.2 | 0.0% | -69.49% |
| A&L and Other | 57.8 | 0.7% | 92.5 | 0.8% | 105 | 0.8% | 118.3 | 0.7% | 207.1 | 1.0% | 37.58% |
| Aviation | 26.5 | 0.3% | 31.3 | 0.3% | 15.5 | 0.1% | 6.9 | 0.0% | 7.1 | 0.0% | -28.05% |
| Total General | 2,937.30 | 34.5% | 3,895.30 | 33.9% | 4,914.40 | 36.1% | 6,293.40 | 37.0% | 8,417.00 | 41.4% | 30.11% |
| Total Health | 5,440.20 | 63.9% | 7,297.40 | 63.5% | 8,511.50 | 62.5% | 10,405.20 | 61.2% | 11,567.20 | 56.9% | 20.75% |
| Total P&S | 136.2 | 1.6% | 292.5 | 2.5% | 189.4 | 1.4% | 297.2 | 1.7% | 329.4 | 1.6% | 24.71% |
| Total | 8,513.70 | 100.0% | 11,485.20 | 100.0% | 13,615.30 | 100.0% | 16,995.80 | 100.0% | 20,313.60 | 100.0% | 24.28% |

Source: SAMA Insurance Report 2014G

3-1-5-10 Retention Ratio⁵

The retention ratio measures the written premiums retained by the insurance company. It is calculated by dividing the Net Written Premium by the Gross Written Premium. The overall retention ratio of insurance companies in the Saudi market increased slightly to 79.8% in 2014G, up from 76.2% in 2013G. This ratio is largely skewed due to the high retention ratio of Motor and Health insurance businesses.

In 2014G, the retention ratios for Motor and Health insurance were 95% and 93%, respectively. During 2010G to 2014G, the total retention ratio of the industry increased at a CAGR of 2.4%. Retention Ratio of General insurance business during the last five years increased at a CAGR of 2.7% from 56.5% in 2010G to 64.6% in 2014G, similarly, retention ratio of Health insurance business increased at a CAGR of 2.6% from 81.9% in 2010G to 93.2% in 2014G.

Table 3.9: Retention Ratios by Line of Business

| Line of Business | 2010G | 2011G | 2012G | 2013G | 2014G | CAGR |
|----------------------|-----------------|-----------------|-----------------|-----------------|-----------------|--------------|
| | Retention Ratio | Retention Ratio | Retention Ratio | Retention Ratio | Retention Ratio | 2010-2014G |
| Motor | 95.7% | 94.6% | 94.0% | 93.9% | 94.7% | -0.2% |
| Property/Fire | 13.2% | 11.7% | 15.1% | 16.9% | 16.4% | 5.58% |
| Marine | 33.8% | 32.3% | 30.9% | 32.6% | 31.0% | -2.14% |
| Engineering | 13.1% | 14.4% | 15.4% | 15.0% | 14.3% | 2.22% |
| Energy | 2.3% | 2.1% | 1.9% | 1.7% | 2.0% | -3.43% |
| A&L and Other | 54.4% | 44.3% | 47.6% | 41.6% | 52.3% | -0.9% |
| Aviation | 2.9% | 0.5% | 3.6% | 2.5% | 2.5% | -3.64% |
| Total General | 56.5% | 56.7% | 59.4% | 61.5% | 64.6% | 3.41% |
| Total Health | 81.9% | 84.7% | 88.2% | 88.8% | 93.2% | 3.28% |
| Total | 70.9% | 72.1% | 75.4% | 76.0% | 79.8% | 3.00% |

Source: SAMA Insurance Report 2014G

3-1-5-11 Competition

Currently, the insurance sector in Saudi Arabia witnesses significant increase in competition, as thirty five (35) insurance companies have obtained licenses to work in the Kingdom. It is expected that each company will provide advanced new products to take its market share. Offering new products in the Saudi market, such as credit insurance, mortgage insurance, and recoverable and adjustable life insurance, will raise the diversity and quality of products on the market. Below is the list of insurance companies listed on Tadawul:

- 1- National Company for Cooperative Insurance ("Tawuniya")
- 2- Mediterranean & Gulf Cooperative Insurance & Reinsurance ("MedGulf")
- 3- Malath Cooperative Insurance & Reinsurance Company
- 4- Al-Ahlia Cooperative Insurance Company
- 5- Al Ahli Cooperative Insurance Company
- 6- SABB Takaful Company
- 7- Arabian Shield Cooperative Insurance Company
- 8- Saudi IAIC for Cooperative Insurance ("SALAMA")
- 9- Gulf Union Cooperative Insurance Company
- 10- Saudi Fransi Cooperative Insurance Company ("Allianz SF")
- 11- Sanad Insurance & Reinsurance Cooperative Company ("SANAD")
- 12- Trade Union Cooperative Insurance Company
- 13- Al Sagr Company for Cooperative Insurance
- 14- Saudi Indian Company for Cooperative Insurance (Wafa for Insurance)
- 15- Arabia Insurance Cooperative Company
- 16- Saudi United Cooperative Insurance
- 17- BUPA Arabia for Cooperative Insurance
- 18- Saudi Re for Cooperative Reinsurance Company
- 19- United Cooperative Assurance
- 20- Saudi Arabian Cooperative Insurance Co. (SAICO)
- 21- Allied Cooperative Insurance Group ("ACIG")
- 22- Weqaya Takaful Insurance & Reinsurance Company
- 23- Al Rajhi Company for Cooperative Insurance
- 24- AXA Cooperative Insurance Company

⁵ Retention ratios are not shown for Protection & Saving as the saving element of the contract must be retained in Saudi Arabian company, so retention are directly comparable with other insurance contracts.

- 25- Ace Arabia Cooperative Insurance Company
- 26- Buruj Cooperative Insurance Company
- 27- Al Alamiya for Cooperative Insurance
- 28- Gulf General Insurance Company
- 29- Solidarity Saudi Takaful Company
- 30- Wataniya Insurance Company
- 31- Amana Cooperative Insurance Co.
- 32- Saudi Enaya Insurance Co.
- 33- Tokyo Marine Saudi Arabia
- 34- Jazira Takaful Cooperation Co.
- 35- MetLife AIG ANB Cooperative Insurance Company

3-1-5-12 Market Share of Insurance Companies

It has been observed that most new entrants' in the local insurance market lack pricing capability for their products and are eager to capture the market share. These companies are undercutting the prices of their products resulting in meagre underwriting profits. The local insurance market is dominated by three major players who had underwritten 51.2% of the gross written premiums in 2014G, while the remaining 48.8 % is distributed among the rest of the companies. The following table shows the market shares of insurance companies by gross written premiums during the last three years.

Table 3.10: Market shares of insurance companies in Saudi Arabia for the years 2012G to 2014G:

| Companies | Gross Written Premium | | | Market Share | | |
|---------------------------|-----------------------|-------------------|-------------------|----------------|----------------|----------------|
| | 2012G SAR (mn) | 2013G SAR (mn) | 2014G SAR (mn) | 2012G | 2013G | 2014G |
| Tawuniya | 5,635 | 5,605 | 6,208 | 26.61% | 22.21% | 20.37% |
| Bupa Arabia | 2,194 | 3,177 | 5,740 | 10.36% | 12.59% | 18.83% |
| Medgulf | 3,318 | 4,138 | 4,416 | 15.67% | 16.40% | 14.49% |
| Malath Insurance | 558 | 771 | 1,413 | 2.64% | 3.05% | 4.64% |
| UCA | 1,024 | 1,293 | 1,165 | 4.84% | 5.12% | 3.82% |
| AXA Cooperative | 460 | 776 | 1,040 | 2.17% | 3.07% | 3.41% |
| Trade Union | 561 | 877 | 808 | 2.65% | 3.47% | 2.65% |
| Allianz SF | 621 | 746 | 725 | 2.93% | 2.96% | 2.38% |
| Other Insurance Companies | 6,803 | 7,856 | 8,967 | 32.13% | 31.13% | 29.42% |
| Total | 21,174 | 25,239 | 30,482 | 100.00% | 100.00% | 100.00% |

Source: SAMA Insurance Report 2014

3-1-5-13 Key growth drivers

3-1-5-13-1 Economic growth

The Kingdom witnessed strong economic growth in the past few years, primarily due to increasing exports of oil and gas products, sustained government spending on infrastructure projects, strong focus, and growth in the non-oil segment and social welfare. This buoyancy augurs well for the insurance industry as GDP per capita during 2010–2014G increased by 27% from SAR 71,647 to SAR 90,946, which is the highest growth in the GCC region. Continued high spending on infrastructure projects by the government and surging investments in the private sector are likely to enhance insurance activity in Saudi Arabia.

3-1-5-13-2 Compulsory insurance

Governmental regulations mandating motor and health insurance have been the key drivers for the industry growth in the past and these are expected to continue to play a major role in future growth of the insurance industry in Saudi Arabia.

3-1 -5-13-3 Favorable demographics

Demographics is one of the key demand drivers for the insurance industry. In Saudi Arabia, a huge expatriate population and the relatively young local population are the main contributing factors. The demographics in the Kingdom are distinguished by dominance of relatively young category of population compared to other countries. According to IMF estimates, about 57% of the Kingdom's population are under age of 30 years while this category constitutes an average of about 52% of the world's population. It is expected that the demand for insurance will rise due to this large category of active young people, with the provision of education opportunities, information and new technologies.

3-1 -5-13-4 Increasing awareness

One of the key reasons for low insurance penetration has been reduced awareness levels. However, over time, the industry has benefited from an increase in awareness. This has been ascribed to better understanding of insurance benefits and governmental initiatives to mandate certain insurance products. This, in turn, led to more clarity in terms of the cultural and religious aspects of insurance. Going forward, an increase in awareness would be the key factor for proper dissemination of the benefits from insurance and associated inclusion in the future.

3-1 -5-13-5 Conducive regulatory environment

SAMA has been instrumental in creating a well-defined regulatory environment for the insurance industry. SAMA mandated all the insurance companies operating in Saudi Arabia to follow the domestic cooperative insurance model. Regulatory changes initiated by SAMA in the last 10 years have helped in ring-fencing operations as well as creating a level-playing field for entities operating in the industry.

3-1 -5-13-6 New growth avenues

The mortgage law of 2012 is expected to be a significant trigger for residential real estate. From an insurance perspective, it is a significant opportunity as it could open up new avenues such as: (i) providing insurance cover for building materials and fixtures that are expected to be imported; (ii) fire insurance to secure households; and (iii) term life insurance to cater to any eventuality arising before the expiry of the residential loan term.

4. The Company

4-1 Introduction

The Company was incorporated in 2013G as a Saudi joint stock company in accordance with the (i) Ministerial Resolution No. 119, issued on 13/04/1431H, (corresponding to 29/03/2010G) and (ii) Royal Decree number M/22 dated 15/04/1431H (corresponding to 31/03/2010G). The company has been registered with Riyadh Commercial register under C.R No. (1010391438) dated 22/12/1434H (Corresponding to 27/10/2013G).

The Company's registered address and principal place of business is located at Al-Ebdaa Tower - King Fahad Road - Olaya District, P.O. Box: 56437, Riyadh 11554, Saudi Arabia.

The Company changed its trade name from "American International Group & Arab National Bank Cooperative Insurance Company" to "MetLife AIG ANB Cooperative Insurance Company" on 09/09/1434H (corresponding to 08/07/2013G) under the approval in the Constituent General Assembly meeting held on 09/09/1434H (Corresponding to 18/07/2015).

The principal activities of the Company are to provide cooperative insurance services and all related activities, including agencies, representation, correspondence or brokerage. The Company carries out these activities under the Insurance Law and its Implementing Regulations, its By-Laws and other relevant regulations in Saudi Arabia. On 26/04/1435H (corresponding to 26/02/2014G), the Company obtained license number IS/35/20142 from SAMA to practice general insurance, medical insurance and protection and saving business in Saudi Arabia. On 03/06/1435H (corresponding to 03/04/2014G), the Company commenced insurance operations upon temporary approval on the first set of 22 general insurance products.

| Year | Event |
|-----------------|--|
| March 2010G | Issuance of the Ministerial Resolution for the formation of the Company |
| March 2010G | Issuance of the Royal Decree for the formation of the Company |
| May-June 2013G | Initial Public Offering of the Company - Raised fifty two million five hundred thousand Saudi Riyals (SAR 52,500,000) from public, being the 30% of the Share Capital of one hundred seventy five million Saudi Riyals (SAR 175,000,000) |
| July 2013G | Held constituent general assembly meeting of the Company |
| July 2013G | Amendment of the Company's trade name |
| October 2013G | Incorporation as a Joint Stock Company |
| February 2014G | Obtained license from SAMA to practice general insurance business in Saudi Arabia |
| April 2014G | Obtained temporary products approval for 22 general insurance products |
| July 2014G | 1st extension of the temporary products approval |
| September 2014G | SAMA's final approval for group life and medical insurance products |
| October 2014G | 2nd extension of the temporary products approval |
| November 2014 | Qualified by Cooperative Health Insurance Council to exercise Health Insurance Business |
| December 2014G | Establishment of a branch in Jeddah |
| January 2015G | 3rd extension of the temporary products approval |
| March 2015G | Obtained an approval from SAMA for the transfer of MetLife's portfolio |
| April 2015G | 4th extension of the temporary products approval |
| July 2015G | SAMA's final approval for motor insurance products |
| November 2015 | Obtained SAMA's final approval on Circles of Protection – Personal Accident and Health |

4-1-1 Recent Corporate History

The Company is a Saudi Joint Stock Company with the Commercial Registration No. 1010391438 dated 22/12/1434H (corresponding to 27/10/2013G). The share capital of the Company is one hundred seventy five million Saudi Riyals (SAR 175,000,000) consisting of seventeen million five hundred thousand shares (17,500,000) with a nominal value of SAR 10 each, all of which are fully paid. The Founding Shareholders subscribed for twelve million two hundred fifty thousand

(12,250,000) Shares with a fully paid-up value of one hundred twenty two million five hundred thousand Saudi Riyals (SAR 122,500,000) representing seventy percent. (70%) of the share capital. The remaining five million two hundred fifty thousand (5,250,000) Shares with a value of fifty two million five hundred thousand Saudi Riyals (SAR 52,500,000) were offered for public subscription through an IPO on 27 May to 2 June 2013G.

The Board of Directors recommended in its meeting convened on 08/07/1436H (corresponding to 27/04/2015G) to increase the Company's Share Capital from one hundred seventy five million Saudi Riyals (SAR 175,000,000) to three hundred fifty million Saudi Riyals (SAR 350,000,000) after obtaining the necessary regulatory approvals. The Company received SAMA approval to increase its Share Capital wide letter No. 361000144425, dated 16/11/1436H (corresponding to 01/08/2015G).

The Company's Extraordinary General Meeting held on 13/05/1437 H (corresponding to 22/02/2016 G), has approved the increase of Share Capital through Rights Issue. The Rights Issue consists of the issuance of seventeen million five hundred thousand (17,500,000) Ordinary New Shares (the "New Shares" or "Rights Issue Shares") at an Offer Price of ten Saudi Riyals (SAR 10) per share ("Offering Price") to increase the Company's Share Capital from one hundred seventy five million Saudi Riyals (SAR 175,000,000) to three hundred fifty million Saudi Riyals (SAR 350,000,000), divided into thirty five million (35,000,000) Ordinary Shares at a nominal value of ten Saudi Riyals (SAR 10) per share.

4-2 Company's 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 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 endeavor 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 re-insurance. 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.

4-5 Shareholding Structure of the Company

The following table summarizes the shareholding of the Company as at the date of this Prospectus:

| Shareholders | No. of Shares | Value (SAR) | Shareholding Percentage |
|-------------------------------------|-------------------|--------------------|-------------------------|
| American Life Insurance Company | 5,250,000 | 52,500,000 | 30.00% |
| Arab National Bank | 5,240,000 | 52,400,000 | 29.94% |
| AIG MEA Investments and Services | 1,750,000 | 17,500,000 | 10.00% |
| Abdullatif Bin Hamad Mohamed AlJabr | 5,000 | 50,000 | 0.03% |
| Salah Rashed Abdulrahman AlRashed | 5,000 | 50,000 | 0.03% |
| Public | 5,250,000 | 52,500,000 | 30.00% |
| Total | 17,500,000 | 175,000,000 | 100.00% |

Source: Company

4-6 Overview of the Substantial Shareholders

There are three Substantial Shareholders in the Company, each of whom owns more than 5% of the Share Capital of the Company. These include:

4-6-1 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. ALICO is wholly owned by MetLife, Inc. (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 consisting of more than sixty thousand (60,000) agents, brokers, financial institutions and other distribution channels. ALICO currently employs twelve thousand five hundred (12,500) employees and has been active in the insurance market in the Kingdom for more than fifty five (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 in nearly fifty (50) 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:

| Shareholders | Ownership Percentage |
|---------------|----------------------|
| MetLife, Inc. | 100.0% |

Source: The Company

4-6-1-1 MetLife, Inc.

MetLife, Inc. (NYSE: MET), through its subsidiaries and affiliates ("MetLife"), is one of the largest life insurance companies in the world. Founded in 1868, MetLife is a global provider of life insurance, annuities, employee benefits and asset management. Serving approximately 100 million customers, MetLife has operations in nearly 50 countries and holds leading market positions in the United States, Japan, Latin America, Asia, Europe and the Middle East.

On 01/11/2010G, MetLife acquired ALICO from AIG for sixteen billion four hundred million US Dollars (US\$ 16,400,000,000) the equivalent of approximately sixty one billion five hundred million Saudi Riyals (SAR 61,500,000,000).

In the Middle East & Africa region, 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, Inc. is listed on the New York Stock Exchange - the United States. For more information, visit www.metlife.com

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

| Shareholders | Ownership Percentage |
|---|----------------------|
| MetLife Policyholder Trust | 15.60% |
| Vanguard Group, Inc. | 5.00% |
| State Street Global Advisors (US) | 4.00% |
| BlackRock Institutional Trust Company, N.A. | 3.40% |
| Wellington Management Company LLP | 3.30% |
| Other Investors (including funds and individuals) | 68.70% |
| Total | 100.00% |

Source: NASDAQ Website – Shareholding structure is as of 30th June 2015

4-6-2 Arab National Bank

Arab National Bank (referred to in this Prospectus as “ANB”) is a Saudi joint stock company pursuant to Royal Decree No. M/38 dated 18/07/1399H (corresponding to 13/06/1979G). On 31/12/2014G, the total assets of ANB amounted to one hundred sixty four billion, six hundred eighty six million and three hundred fifty five thousands Saudi Riyals (SAR 164,686,355,000) and shareholders’ equity amounted to twenty billion, six hundred thirty nine million and seven hundred fifty nine thousand Saudi Riyals (SAR 20,639,759,000) with a net income of two billion, eight hundred seventy seven million and one hundred fifty five thousand Saudi Riyals (SAR 2,877,155,000).

ANB offers a full range of commercial and Islamic products to retail and corporate sectors, including foreign exchange, treasury and investment services. 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 one hundred fifty six (156) branches, including women’s sections, in addition to a branch in London, the United Kingdom. As at 31 December 2014G, ANB also has a network of eleven hundred twenty two (1,122) automated teller machines “ATM” and ninety four (94) Telemoney remittance centers.

ANB has a number of strategic investments, including:

- Arab National Bank Investment Company (ANB Invest), a wholly owned subsidiary, provides financial advisory, investment, wealth management, mutual funds, brokerage, local and international trading of securities and foreign currencies
- Arabian Heavy Equipment Leasing (AHEL), a company specializes in lease-financing of heavy equipments. ANB owns 87.5% of AHEL
- Saudi Home Loans (SHL), a 40% owned affiliate, which caters to the growing needs of home finance
- Arab Insurance Agency, a wholly owned subsidiary, is engaged in insurance agency business
- Al-Manzil Al-Mubarak Real Estate Financing Limited - a wholly owned subsidiary engaged in the purchase, sale and lease of land and real estate for investment purposes

The following table shows the ownership percentages of major shareholders in ANB:

| Shareholders | Ownership Percentage |
|---|----------------------|
| Arab Bank PLC- Jordan | 40.00% |
| General Organization for Social Insurance - The Kingdom of Saudi Arabia | 11.28% |
| Rashed Abdulrahman Al-Rashed and Sons Company | 9.96% |
| Abdulaziz, Mohamed & Abdullatif AlJabr Company (AlJabr Trading Company) | 5.65% |
| Public | 33.11% |
| Total | 100.00% |

Source: Tadawul dated 21 September 2015G.

4-6-2-1 Arab Bank (PLC)

Since its incorporation in 1930G in Jordan, 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 six hundred (600) branches spread across five (5) continents. The bank has its presence in key financial markets and centers such as London, Dubai, Singapore, Geneva, Paris, Frankfurt, Sydney and Bahrain.

Arab Bank has played an effective and leading role in the social and economic development sectors in the Middle East and North Africa by providing banking services and products, which includes individual banking services, corporate and investment banking, in addition to wealth management and treasury.⁶

The following table highlights the ownership percentages of major shareholders in the Arab Bank:

| Shareholders | Ownership Percentage |
|---|----------------------|
| Oger Middle East Holding Company- Lebanon | 19.83% |
| Social Security Corporation- Jordan | 15.88% |
| Ministry of Finance - Kingdom of Saudi Arabia | 4.49% |
| Other Investors and Public | 59.80% |
| Total | 100.00% |

Source: Securities Depository Centre, Jordan – dated 21 September 2015G.

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

| Shareholders | Ownership Percentage |
|---|----------------------|
| Saudi Oger Limited Company – Saudi Arabia | 100.00% |
| Total | 100.00% |

Source: Arab National Bank

The following table the ownership percentages of the major shareholders in Saudi Oger Limited Company:

| Shareholders | Ownership Percentage |
|----------------------------|----------------------|
| Saadeddine Rafiq Al Hariri | 87.39% |
| Nazik Asaad Oudah | 9.61% |
| Others | 3.00% |
| Total | 100.00% |

Source: Arab National Bank

4-6-2-2 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 semi-state body 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 twenty one (21) 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.

4-6-2-3 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 seven business areas, namely building materials, cement & bulk materials, finishing materials, contracting, industrial products, automotive products, and food products. Large scale investments are also made in real estate development.

⁶ Source: www.arabbank.jo.

The following table shows the major shareholders' ownership percentage in Rashed Abdulrahman Al-Rashed and Sons Company:

| Shareholders | Ownership Percentage |
|---|----------------------|
| Abdulaziz Rashed Abdulrahman Al-Rashed | 20.00% |
| Salah Rashed Abdulrahman Al-Rashed | 20.00% |
| Abdul Mohsin Rashed Abdulrahman Al-Rashed | 20.00% |
| Abdul Moneim Rashed Abdulrahman Al-Rashed | 20.00% |
| Abdul Rahman Rashed Abdulrahman Al-Rashed | 20.00% |
| Total | 100.00% |

Source: Arab National Bank

4-6-2-4 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 Ahsa. 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 Ahsa 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 number one 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 in Al-Jabr Trading Company:

| Shareholders | Ownership Percentage |
|--------------------------------------|----------------------|
| Mohamed Hamad Mohamed Al-Jabr | 34.78% |
| Abdullatif Hamad Mohamed Al-Jabr | 34.78% |
| 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% |
| Others | 8.32% |
| Total | 100.00% |

Source: Arab National Bank

4-6-3 AIG MEA Investments and Services (AIG MEA "formerly Chartis Memsa Holdings")

Chartis Memsa Holdings, whose trade name has been changed on 15/12/2014 G, to AIG MEA Investments and Services, Inc. ("AIG MEA") is a wholly owned subsidiary of AIG Property Casualty International, LLC, founded in 1999 in Delaware, United States of America under License No. 3111943.

The following table shows the ownership structure of AIG MEA:

| Shareholders | Ownership Percentage |
|--|----------------------|
| AIG Property Casualty International, LLC | 100.00% |
| Total | 100.00% |

4-6-3-1 AIG Property Casualty International, LLC

AIG Property Casualty International, LLC is a wholly owned subsidiary of AIG Property Casualty Inc., which is wholly owned by AIUH LLC, again a wholly owned subsidiary of American International Group ("AIG"). AIG companies serve commercial, institutional and individual customers through one of the most extensive worldwide property-casualty networks of any insurer.

4-6-3-2 American International Group, Inc. (AIG)

AIG is a leading global insurance organization. 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 100 (one hundred) countries and jurisdictions. 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.

In 2014, the net income attributable to AIG was approximately seven billion five hundred twenty nine million US Dollars (US\$ 7,529,000,000) the equivalent of approximately twenty eight billion two hundred fifty two million Saudi Riyals (SAR 28,252,000,000) compared to approximately nine billion eighty five million US Dollars (US\$ 9,085,000,000) the equivalent of approximately thirty-four billion seventy three million Saudi Riyals (SAR 34,073,000,000) in 2013G.

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.

4-7 Competitive Advantages

There are a number of factors that give the Company an advantage over its competitors and provide a platform for future profitable growth. These competitive advantages include:

4-7-1 Diverse Shareholders Base

The key Shareholders of the Company are comprised of a number of companies involved in various areas of business who enjoy distinguished relations and ties, thus providing a large customer base to the Company to market its insurance products. This applies specifically to ANB's wide customer portfolio formed of corporate and individual customers as well as the international customers of MetLife and AIG working in the Kingdom.

4-7-2 Strong Global and Regional Presence of Technical Partners

The technical partners of the Company are (i) MetLife, which is one of the largest life insurance companies in the world. Founded in 1868G, MetLife has operations in nearly sixty (60) countries and holds leading market positions in the United States, Japan, Latin America, Asia, Europe and the Middle East; and (ii) American International Group, a leading global insurance company founded in 1919G, providing a wide range of property & casualty insurance, life insurance, retirement products, mortgage insurance and other financial services to customers in more than hundred (100) countries. AIG has been active in the kingdom's general insurance market for over thirty (30) years through marketing of motor, personal accident, travel insurance products and underwriting of construction, energy, property and casualty risks.

4-7-3 Access to Technical know-how and Global Clients of MetLife and AIG

The Company is benefitting from the legacy, technical know-how, best practices and the expertise of MetLife and AIG. It also enjoys access to their global clientele residing in Saudi Arabia as well as it opens door for the Company to cover other foreign multinational companies.

4-7-4 Efficient and Advanced Management Information Systems

The Company uses specialized insurance software packages (Premia, Oracle and Compass) to meet the needs of the operational, customer service, financial, legal and administrative affairs of the Company. These programs and systems 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 has a large database that is instrumental in designing and directing the Company's strategy and marketing plans.

4-7-5 Reinsurance agreements with first class reinsurers

The Company has entered 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.

4-7-6 A wide range of insurance services and products

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

4-7-7 Qualified and Experienced Management Team

The Company has a competent, qualified and professional management team to run its affairs and to lead it to achieve its objectives efficiently. The Company will continue to invest in the recruitment, training, development and retention of local staff throughout the organization to deliver a superior quality of service to its clients. The Company is committed to develop the skills of its insurance employees through adopting a policy that is based on employing and training local employees and improving their professional skills. Training local employees and improving their professional skills is important for boosting the Company's ambition for growth and development and will allow the Company to proceed with developing high-quality products and services in the long run.

4-8 Products & Services

The objective of the Company is to engage in cooperative insurance activities in addition to all related activities such as 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.

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.

Key Business Segments and their Products Approval Status

| Fully Approved Products | | | | |
|---|---|----------------------------------|--------------------------------|--------------------|
| Key Business Segments | Product | Status (as of 30 September 2015) | SAMA Approval Letter Reference | Approval Date |
| (Employee Benefit) Group Life Products | Group Life | Fully Approved | 351000140932 | 11 September 2014G |
| Group Medical | Group CCHI Medical | Fully Approved | 351000140928 | 11 September 2014G |
| Motor | Motor TPL | Fully Approved | 361000130592 | 28 July 2015G |
| | Motor Comprehensive | Fully Approved | 361000130641 | 28 July 2015G |
| | Motor Comprehensive Commercial Fleet | Fully Approved | 361000130651 | 28 July 2015G |
| SME | Retail | Fully Approved | 361000152242 | 17 September 2015G |
| | Clinicare | Fully Approved | 361000152244 | 17 September 2015G |
| | Educare | Fully Approved | 361000152256 | 17 September 2015G |
| | Office | Fully Approved | 361000152262 | 17 September 2015G |
| | Food & Beverage | Fully Approved | 361000152266 | 17 September 2015G |
| | Personal Care | Fully Approved | 361000152269 | 17 September 2015G |
| Accident and Health | Circles of Protection | Fully Approved | 371000012427 | 11 November 2015G |
| Credit Life and Saving Insurance | Credit Life and Saving Insurance | Fully Approved | 371000013745 | 15 November 2015G |
| Property Insurance | Property Terrorism Insurance product | Fully Approved | 371000028904 | 20 December 2015 |
| Contractors Plant and Machinery Insurance | Contractors Plant and Machinery Insurance | Fully Approved | 371000031028 | 24 December 2015 |

Source: the Company

| Temporary Approved Products | | | | | | |
|-----------------------------|--|----------------------------------|--------------|------------------|------------------------|-------------------|
| Key Business Segments | Product | Status (as of 30 September 2015) | SAMA Letter | Initial Approval | Extension granted from | Approval Validity |
| Marine Insurance | Marine Cargo Annual Open Cover | Temporary Approval | 361000152326 | 3 April 2014G | 14 September 2015G | 13 March 2016G |
| | Marine Cargo Specific Policy | Temporary Approval | 371000002602 | 8 October 2015G | 8 October 2015G | 7 April 2016G |
| Financial Lines | Director's and Officer's Liability | Temporary Approval | 361000152481 | 3 April 2014G | 14 September 2015G | 13 March 2016G |
| | Financial Institutions Professional Indemnity | Temporary Approval | 361000152305 | 3 April 2014G | 14 September 2015G | 13 March 2016G |
| | Plastic Cards Insurance | Temporary Approval | 361000152272 | 3 April 2014G | 14 September 2015G | 13 March 2016G |
| Casualty | Comprehensive General Liability Insurance | Temporary Approval | 361000152273 | 3 April 2014G | 14 September 2015G | 13 March 2016G |
| | Workmen's Compensation / Employers Liability Insurance | Temporary Approval | 361000152276 | 3 April 2014G | 14 September 2015G | 13 March 2016G |
| Commercial Property | Property All Risk Insurance + Business Interruption | Temporary Approval | 361000152239 | 3 April 2014G | 14 September 2015G | 13 March 2016G |
| | Electronics Equipment Insurance | Temporary Approval | 371000002604 | 8 October 2015G | 8 October 2015G | 7 April 2016G |
| | Machinery Breakdown + Loss of Profits Insurance | Temporary Approval | 371000002608 | 8 October 2015G | 8 October 2015G | 7 April 2016G |
| Energy & Engineering | Contractors all Risks | Temporary Approval | 361000152338 | 3 April 2014G | 14 September 2015G | 13 March 2016G |
| | Erection All Risks Insurance | Temporary Approval | 361000152340 | 3 April 2014G | 14 September 2015G | 13 March 2016G |
| Home & Plus Products | Home Care | Temporary Approval | 361000152346 | 3 April 2014G | 14 September 2015G | 13 March 2016G |
| | Plus Products (Personal Line Plus) | Temporary Approval | 361000152227 | 3 April 2014G | 14 September 2015G | 13 March 2016G |
| | Extended Warranty | Temporary Approval | 361000152235 | 3 April 2014G | 14 September 2015G | 13 March 2016G |
| | Home Alone | Temporary Approval | 361000152358 | 3 April 2014G | 14 September 2015G | 13 March 2016G |
| | Tenant Shield | Temporary Approval | 361000152229 | 3 April 2014G | 14 September 2015G | 13 March 2016G |
| Travel | Group Travel | Temporary Approval | 361000152352 | 3 April 2014G | 14 September 2015G | 13 March 2016G |
| | Travel Guard | Temporary Approval | 361000152336 | 3 April 2014G | 14 September 2015G | 13 March 2016G |

Source: the Company

| Products Under SAMA's Review | | |
|------------------------------|--|----------------------------------|
| Key Business Segments | Product | Status (as of 30 September 2015) |
| Individual Life Insurance | Individual Life Protection Plan | Under SAMA's review |
| | Insta Protect Insurance | Under SAMA's review |
| | Variable Universal Life | Under SAMA's review |
| Travel | Travel Guard Airline | Under SAMA's review |
| Financial Lines | Single Project Professional Indemnity (SPPI) | Under SAMA's review |
| | 3D Crime Insurance | Under SAMA's review |
| Environmental Liability | Pollution Legal Liability | Under SAMA's review |
| Trade Credit | Trade Credit Insurance | Under SAMA's review |

Source: the Company

| Products Request to be Submitted | | |
|----------------------------------|------------------------|----------------------------------|
| Key Business Segments | Product | Status (as of 30 September 2015) |
| Marine Insurance | Project Cargo | Request to be submitted |
| | Marine Liability | Request to be submitted |
| | Carriers Liability | Request to be submitted |
| SME | Property owners | Request to be submitted |
| Financial Line | Professional Indemnity | Request to be submitted |
| | Commercial Crime | Request to be submitted |
| | Kidnap & Ransom | Request to be submitted |

Source: the Company

4-8-1 General Insurance Product Portfolio

4-8-1-1 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 regions 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.

The Products

| | |
|---------------------------------|--|
| Marine Cargo Annual Open Cover: | <p>This product offers comprehensive coverage for goods in transit from warehouse to warehouse anywhere in the world.</p> <p>The Company has obtained SAMA's temporary approval through letter no. 361000152326, dated 04/12/1436H (corresponding to 17/09/2015G) to sell this product for another 6 months until 16 March 2016G.</p> |
| Marine Cargo Specific Policy: | <p>This insurance will be arranged for the cargo owners, or for the benefit of cargo owners via freight forwarders. It relates to all kind of transports on land, on sea or by air. This is a specific policy which covers a particular voyage or shipment.</p> <p>The Company has obtained SAMA's temporary approval through letter no. 371000002602, dated 07/01/1437H (corresponding to 20/10/2015G) to sell this product for 6 months until 7 April 2016G.</p> |
| Project Cargo: | <p>All risks cover for property whilst in transit with optional covers for advanced loss of profit and/or consequential loss.</p> <p>The Company is in the process of submitting its request to SAMA to sell this product.</p> |
| Marine Liability: | <p>This product will offer specialist liability covers for third party property damage and bodily injury, for marine related operations.</p> <p>The Company is in the process of submitting its request to SAMA to sell this product.</p> |
| Carriers Liability: | <p>This product will offer specialist limited liability coverage for incidents occurring within standard terms and conditions, when cargo is being conveyed from A to B.</p> <p>The Company is in the process of submitting its request to SAMA to sell this product.</p> |

4-8-1-2 Trade Credit

Trade Credit Insurance protects the accounts receivable of a policyholder against default (non-payment) from a customer due to financial default or political events. Trade Credit Insurance indemnifies the policyholder for the invoice value of goods delivered to a customer but unpaid due to the customer's insolvency or default.

The Product

| | |
|---------------|--|
| Trade Credit: | <p>Trade Credit Insurance protects the accounts receivable of a policyholder against default (non-payment) from a customer due to financial default or political events. Trade Credit Insurance indemnifies the policyholder for the invoice value of goods delivered to a customer but unpaid due to the customer's insolvency or default.</p> <p>An Excess of Loss policy is intended to protect the balance sheet for cover against catastrophic trade credit losses by incorporating an annual aggregate first loss deductible into the policy structure. The structure includes non-Cancellable Buyer and Country limits and high level discretionary credit limits.</p> <p>This products is under SAMA's review process.</p> |
|---------------|--|

4-8-1-3 Environmental Liability

Environmental Liability Insurance provides coverage to cover insured's liability for ecological loss incurred from insured's covered operations as well as related property damage and bodily injury, remediation costs, mitigation expenses and legal costs. Both, sudden & accidental and gradual pollution losses are covered as long as these events occurred during the period of insurance.

The Product

| | |
|----------------------------|---|
| Pollution Legal Liability: | <p>Environmental Liability Insurance provides coverage to cover insured's liability for ecological loss incurred from insured's covered operations as well as related property damage and bodily injury, remediation costs, mitigation expenses and legal costs. Both, sudden & accidental and gradual pollution losses are covered as long as these events occurred during the period of insurance.</p> <p>This products is under SAMA's review process.</p> |
|----------------------------|---|

4-8-1-4 Small and Medium Enterprises (SME)

A Comprehensive package of policies that include 'All Risks' or named perils on material damage, and business interruption, employers' and public / products liability covers.

The Products

| | |
|-----------------------|---|
| SME Office Insurance: | <p>This product covers the physical assets, income of the business and liability towards third parties and employees of SME businesses. This product provides the following covers a) Property All Risks cover to protect the physical assets, such as contents, furniture, office and business equipment b) Business Continuity cover or Loss of profits and additional costs needed to rebuild a business after a claim c) Public Liability cover to protect against legal liability due to accidental injury to clients and third parties d) Workmen Compensation cover to employees who suffer from injury or disease during employment in accordance with Saudi labor Law. An additional protection of employers' liability is also provided in this product.</p> <p>The Company has obtained SAMA's final approval through letter No. 361000152262, dated 04/12/1436H (corresponding to 17/09/2015G) to sell this product.</p> |
| SME Clinicare: | <p>This product covers the physical assets, income, electronic equipment and liability towards third parties and employees of small and medium sized medical companies. This product provides the following covers: a) Property All Risks cover to protect the physical assets, such as contents, fixtures and medical equipment. b) Business Continuity cover or Loss of profits and additional costs needed to rebuild a business after a claim. c) Public Liability cover to protect against Legal liability due to accidental injury to clients and third parties. d) Workmen Compensation cover to employees who suffer from injury or disease during employment in accordance with Saudi labor Law. e) Electronic Equipment coverage that protects high-end sophisticated machines. An additional protection of employers' liability is also provided in this product</p> <p>The Company has obtained SAMA's final approval through letter No. 361000152244, dated 04/12/1436H (corresponding to 17/09/2015G) to sell this product.</p> |

| | |
|---------------------------------------|---|
| SME Educare: | <p>This product covers the physical assets, income of the establishment and liability towards students and employees of a Small and Medium sized Educational Institutions. This product provides the following covers a) Property All Risks cover to protect the physical assets, such as contents, furniture, office and equipment b) Business Continuity cover or Loss of profits and additional costs needed to rebuild the educational entity after a claim c) Public Liability cover to protect against Legal liability due to accidental injury to students and third parties. This product also provides cover for Food poisoning and personal accident cover for students along with cover for liability of the insured during excursions & athletic activities d) Workmen Compensation cover to employees who suffer from injury or disease during employment in accordance with Saudi labor Law. Additional protection for faculty and school board's liability cover is provided to protect the teachers, school board and employers, against claims of alleged or actual breach of duty, neglect and errors along with employer's liability is also provided in this product.</p> <p>The Company has obtained SAMA's final approval through letter No. 361000152256, dated 04/12/1436H (corresponding to 17/09/2015G) to sell this product.</p> |
| SME Food & Beverage: | <p>This product covers the physical assets, income of the establishment and liability towards students and employees of a Small and Medium sized Food & Beverage businesses. This product provides the following covers a) Property All Risks cover to protect the physical assets, such as contents, fixtures, kitchen and business equipment b) Business Continuity cover or Loss of profits and additional costs needed to rebuild the educational entity after a claim c) Public Liability cover to protect against Legal liability due to accidental injury to customers and third parties. This product also provides cover for Food poisoning liability cover both within the facility as well as for delivery orders and when catering for external events d) Workmen Compensation cover to employees who suffer from injury or disease during employment in accordance with Saudi labor Law. Additional protection for employer's liability is also provided in this product.</p> <p>The Company has obtained SAMA's final approval through letter No. 361000152266, dated 04/12/1436H (corresponding to 17/09/2015G) to sell this product.</p> |
| SME Retail Business: | <p>This product covers the physical assets, income of the business and liability towards customers, neighbors, landlords and third parties of a Small and Medium sized Retail businesses. This product provides the following covers a) Property All Risks cover to protect the physical assets, such as displayed items, stock, contents, signboards and display units b) Business Continuity cover or Loss of profits and additional costs needed to rebuild the business after a claim c) Public Liability cover to protect against Legal liability due to accidental injury to customers, neighbors, landlords and third parties. d) Workmen Compensation cover to employees who suffer from injury or disease during employment in accordance with Saudi labor Law. Additional protection for employer's liability is also provided in this product.</p> <p>The Company has obtained SAMA's final approval through letter No. 361000152242, dated 04/12/1436H (corresponding to 17/09/2015G) to sell this product.</p> |
| SME Personal Care: | <p>This product covers the physical assets, income of the business and liability towards customers and other third parties of a Small and Medium sized businesses involved in personal care services like hair salons, spas, and beauty salons etc. This product provides the following covers a) Property All Risks cover to protect the physical assets, such spa and skin care equipment, hydrotherapy tubs, pedicure chairs, supplies etc. b) Business Continuity cover or Loss of profits and additional costs needed to rebuild the business after a claim. c) Public Liability cover to protect against Legal liability due to accidental injury to customers and other third parties. Additionally this product provides cover for injury arising out of provision of treatment services including hair preparation treatment, cutting, styling, coloring, cosmetic services, ear piercing etc. d) Workmen's Compensation cover to employees who suffer from injury or disease during employment in accordance with Saudi labour Law. Additional protection for employer's liability is also provided in this product.</p> <p>The Company has obtained SAMA's final approval (letter No. 361000152269, dated 04/12/1436H (corresponding to 17/09/2015G) to sell this product.</p> |
| SME Property Owners Insurance: | <p>This product covers the physical assets, income of the business and liability towards third parties of SME businesses of Property Owners. This product provides the following covers a) Property All Risks cover to protect the physical assets, such as contents, furniture, office and business equipment b) Business Continuity cover or Loss of profits and additional costs needed to rebuild a business after a claim c) Public Liability cover to protect against legal liability due to accidental injury to clients and third parties</p> <p>The Company is in the process of submitting its request to SAMA to sell this product.</p> |

4-8-1-5 Financial lines

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.

Key customers for this product would be corporations domiciled in Saudi Arabia and having foreign interests, professional services companies and financial institutions.

The Products

| | |
|--|---|
| Director's and Officer's Liability: | <p>This products covers protection for claims brought against directors, officers and senior employees for actual or alleged breach of duty, neglect, misstatements, errors or omissions.</p> <p>The Company has obtained SAMA's temporary approval via letter No. 361000152481, dated 04/12/1436H (corresponding to 17/09/2015G) to sell this product for another 6 months until 16 March 2016G.</p> |
| Financial Institutions Professional Indemnity: | <p>This product covers professional services insurance on a civil liability basis for the financial institution, all its employees and others for whom it is vicariously liable.</p> <p>The Company has obtained SAMA's temporary approval via letter No. 361000152305, dated 04/12/1436H (corresponding to 17/09/2015G) to sell this product for another 6 months until 16 March 2016G.</p> |
| Plastic Card Insurance | <p>This insurance offers coverage to banks against actual financial losses occurring due to counterfeiting of plastic cards, loss or stolen plastic cards, merchant fraud and legal and court cost if any arising from the above losses on the plastic cards issued by the insured bank.</p> <p>The Company has obtained SAMA's temporary approval via letter No. 361000152272, dated 04/12/1436H (corresponding to 17/09/2015G) to sell this product for another 6 months until 16 March 2016G.</p> |
| Single Project Professional Indemnity (SPPI): | <p>Single Project Professional Indemnity (SPPI) insurance provides professional indemnity protection for construction and design professionals for an entire specific project and any agreed maintenance period as well as any extended reporting period up to 10 years.</p> <p>This products is under SAMA's review process.</p> |
| 3D Crime Insurance: | <p>3D – Crime Insurance is a unique market product which covers a risk of company loss due to the employee dishonesty. It is possible to extend the basic insurance cover of employee dishonesty by theft in operating premises, money or payment order falsification and computer frauds including fraudulent money transfers.</p> <p>The following covers are provided in our policy.</p> <ul style="list-style-type: none"> • Employee Fidelity • On Premises Loss. • Loss of Property in Transit. • Forgery or Alteration • Counterfeit Currency Coverage <p>This products is under SAMA's review process.</p> |
| Professional Indemnity: | <p>This product will covers primary and excess cover provided for breach of duty of care, dishonesty of employees, unintentional infringement of intellectual property rights, defamation and loss of documents.</p> <p>The Company is in the process of submitting its request to SAMA to sell this product.</p> |
| Commercial Crime: | <p>This product will offer comprehensive crime cover for companies including cover for employees for fraud, dishonesty and fraudulent acts.</p> <p>The Company is in the process of submitting its request to SAMA to sell this product.</p> |
| Kidnap & Ransom: | <p>This products will offer coverage for losses from kidnap or bodily injuries or property damages extortion, including the costs of ransom, cost of investigation, lost salary, negotiation, medical expenses and aftercare.</p> <p>The Company is in the process of submitting its request to SAMA to sell this product.</p> |

4-8-1-6 Casualty

Key customers for this product would be corporations domiciled in Saudi Arabia and having foreign interests, professional services companies and financial institutions.

The Product

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|---|---|
| Comprehensive General Liability Insurance: | <p>This product combines employer's liability, public liability and products liability with additional covers and services. It helps clients to contain costs, broadening protection and assisting businesses to control the operational risks within their organizations.</p> <p>The Company has obtained SAMA's temporary approval via letter No. 361000152273, dated 04/12/1436H (corresponding to 17/09/2015G) to sell this product for another 6 months until 16 March 2016G.</p> |
| Workmen's Compensation and Employers Liability: | <p>This product provides protection to the employer against the liabilities to the employed employee in respect of death or bodily injuries suffered by them in the course of employment. Saudi Labour Law stipulates that employer must protect his employees by insuring them under workmen compensation policy that provides compensation benefits to the employees in case of bodily injury or death resulting out of accidents. The enactment also provides compensation against bodily injury, death, occupational diseases and sickness during the course of employment while at work.</p> <p>The Company has obtained SAMA's temporary approval via letter No. 361000152276, dated 04/12/1436H (corresponding to 17/09/2015G) to sell this product for another 6 months until 16 March 2016G.</p> |

4-8-1-7 Commercial Property

Key customers for this product would be property owners and operators, real estate companies, manufacturing industries, hotels and services, offices, telecommunication companies and retail and wholesale businesses.

The Product

| | |
|--|--|
| Property All Risks Insurance plus Business Interruption Insurance: | <p>This Product provides protection against most risks to property on an all risks basis. It insures against loss or damage to property arising from any fortuitous cause, except such as may be specifically excluded. This product also provides cover for Business Interruption which will compensate for the short fall in gross profit increased working cost, and extra auditors or accountants fee arising out of loss due to an insured peril.</p> <p>The Company has obtained SAMA's temporary approval via letter No. 361000152239, dated 04/12/1436H (corresponding to 17/09/2015G) to sell this product for another 6 months until 16 March 2016G.</p> |
| Electronics Equipment Insurance: | <p>Electronic equipment insurance provides coverage for sudden and unforeseen physical losses for individual pieces of equipment or computer and data processing equipment of the Insured.</p> <p>The Company has obtained SAMA's temporary approval through letter no. 371000002604, dated 07/01/1437H (corresponding to 20/10/2015G) to sell this product for 6 months until 7 April 2016G.</p> |
| Machinery Breakdown plus Loss of Profits Insurance: | <p>Machinery or Equipment breakdown insurance that responds to the physical and financial losses a business suffers when covered equipment is accidentally damaged by events such as electrical arcing, power surges, short circuits, mechanical breakdowns, centrifugal force, and boiler overheating. Our policies address a broad range of equipment breakdown exposures, including repair or replacement of damaged equipment, loss of business income, extra expenses, interruption of electrical service or other utilities that results in business interruption, extra expenses, or spoilage.</p> <p>The Company has obtained SAMA's temporary approval through letter no. 371000002608, dated 07/01/1437H (corresponding to 20/10/2015G) to sell this product for 6 months until 7 April 2016G.</p> |
| Property Terrorism: | <p>This product insures property against physical loss or physical damage caused by an act of terrorism or act of sabotage involving the use of force or violence by any person or group(s) of persons, or any organization(s), committed for political, religious or ideological purposes including the intention to influence any government and/or to put the public in fear for such purposes.</p> <p>Business interruption coverage is also provided as an extension under this policy. This will compensate for the shortfall in gross earnings, increased working cost, and extra auditors or accountants fee arising out of loss due to an insured peril.</p> <p>The Company has obtained SAMA's final approval (letter No. 371000028904, dated 09/03/1437H (corresponding to 20/12/2015G) to sell this product.</p> |

4-8-1-8 Energy & Engineering

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 offers insurance against acts of sabotage and terrorism to energy facilities or its operations. Key customers for this product include heavy industries, power generation companies, petrochemical companies, contractors engaged in residential, commercial and infrastructure projects, railways, water treatment & distribution companies, oil refineries, chemical manufacturers and mining and process industries.

The Product

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|----------------------------------|---|
| Contractors All Risks Insurance: | <p>This product is designed to cover the construction projects which predominantly involve building construction and civil works including but not limited to residential/commercial buildings, roads, bridges, hospitals, schools, seaports, airports, railways, pipelines etc. Coverage is provided against unforeseen and sudden physical loss or damage or any third party liability arising from any cause other than those specifically excluded.</p> <p>The Company has obtained SAMA's temporary approval via letter No. 361000152338, dated 04/12/1436H (corresponding to 17/09/2015G) to sell this product for another 6 months until 16 March 2016G.</p> |
| Erection All Risks Insurance: | <p>Product is designed to cover the plant and machinery erection projects. Coverage is provided against unforeseen and sudden physical loss or damage or any third party liability arising from any cause other than those specifically excluded.</p> <p>The Company has obtained SAMA's temporary approval via letter No. 361000152340, dated 04/12/1436H (corresponding to 17/09/2015G) to sell this product for another 6 months until 16 March 2016G.</p> |

| | |
|--|--|
| Property All Risks plus Business Interruption Insurance: | <p>This Product provides protection against most risks to property on an all risks basis. It insures against loss or damage to property arising from any fortuitous cause, except such as may be specifically excluded This product also provides cover for Business Interruption which will compensate for the short fall in gross profit increased working cost, and extra auditors or accountants fee arising out of loss due to an insured peril.</p> <p>The Company has obtained SAMA's temporary approval (letter No. 361000152239, dated 04/12/1436H (corresponding to 17/09/2015G) to sell this product for another 6 months until 16 March 2016G.</p> |
| Contractors Plant and Machinery: | <p>Contractors/Land Based Equipment policy is intended to provide first party coverage for machinery, equipment and tolls of contractors which are used in the performance of their operations.</p> <p>The Company has obtained SAMA's final approval (letter No. 371000031082, dated 13/03/1437H (corresponding to 24/12/2015G) to sell this product</p> |

4-8-1-9 Motor

The Company offers various motor insurance products including optional covers extending KSA jurisdiction, loss of personal effects, personal accident covers to driver and passengers as well as rental of alternative vehicle.

The Company has obtained SAMA's final approval through letter No.361000130592, 361000130641 and 361000130651 dated 12/10/1436H (corresponding to 28/07/2015G) to sell below motor insurance products.

The Products

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| Motor TPL: | Motor Third Party Liability Insurance provides Third Party Liability for vehicles operated by individuals for a combined total limit not exceeding SAR 10,000,000 for bodily injury and Property Damage of third parties in accordance with the local regulation of Saudi Arabia and the coverage being given is as per the Unified Compulsory Motor Insurance Policy. |
| Motor Comprehensive: | Motor Comprehensive Individual Insurance provides coverage for Third Party Liability and physical damage for vehicles operated by individuals for personal use (non-business related). Comprehensive coverage includes Third Party Liability and Own Damage. |
| Motor Comprehensive Commercial Fleet: | Motor Comprehensive Commercial Fleet Insurance provides coverage for Third Party Liability and Physical Damage for vehicles operated by companies for commercial use in accordance with the Unified Motor Insurance Policy Wording. |

4-8-1-10 Home & Plus Products

These products cover 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.

The Products

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| Home Care: | <p>This product covers the following:</p> <ul style="list-style-type: none"> • Building & contents cover against range of perils including fire, water damage, theft • Homeowners and tenants liability • Personal possessions cover • Domestic helps optional cover <p>The Company has obtained SAMA's temporary approval through letter No. 361000152346, dated 04/12/1436H (corresponding to 17/09/2015G) to sell this product for another 6 months until 16 March 2016G.</p> |
| Plus Products: | <p>PLUS Products provide dynamic benefit programs that offer distinctive value to new and existing customers, while enabling you to diversify and grow your revenue potential. These covers include a range of specialized covers including purchase protection wallet protection, ATM withdrawal insurance, identity theft insurance etc.</p> <p>The Company has obtained SAMA's temporary approval via letter No. 361000152227, dated 04/12/1436H (corresponding to 17/09/2015G) to sell this product for another 6 months until 16 March 2016G.</p> |

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|---------------------------|---|
| Extended Warranty: | <p>This product provides coverage to the insured who buys consumer durable electrical and electronic products for domestic and personal use, under a service contract program whereby purchaser of goods is insured beyond the applicable manufacturer's warranty period. This coverage can also be known as Service Contract Liability Insurance.</p> <p>Extended Warranty provides coverage for the repair or replacement of products due to material or workmanship defects resulting in electrical or mechanical failure after the manufacturer's initial warranty has expired. Extended Warranty is a duplication and extension (maximum up to 5 years) of the manufacturer's warranty with total coverage for repairs and replacements up to the product original purchase price.</p> <p>The Company has obtained SAMA's temporary approval through letter No. 361000152235, dated 04/12/1436H (corresponding to 17/09/2015G) to sell this product for another 6 months until 16 March 2016G.</p> |
| Home Alone: | <p>Home Alone Insurance covers individual customers who are homeowners.</p> <p>The Company has obtained SAMA's temporary approval through letter No. 361000152358, dated 04/12/1436H (corresponding to 17/09/2015G) to sell this product for another 6 months until 16 March 2016G.</p> |
| Tenant Shield: | <p>Home Insurance content only cover for individual customers. This cover is mainly meant for renters.</p> <p>The Company has obtained SAMA's temporary approval through letter No. 361000152229, dated 04/12/1436H (corresponding to 17/09/2015G) to sell this product for another 6 months until 16 March 2016G.</p> |

4-8-1-11 Travel

Travel insurance products 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 are available for individuals and institutions.

The Products

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| Group Travel (Business and NAC): | <p>Group Travel Insurance provides peace of mind to the business travelers whilst on travel outside the country of residence in several ways. It pays for medical expenses due to sudden illness or accidental injuries while travelling, damage to the baggage or loss of valuable documents. The covers also include Personal Accident, Emergency Medical Expenses, Emergency Medical Transportation, Repatriation Expense, Legal assistance in case of redress, Loss or damage of personal baggage, Loss of personal money, Loss of passport and cancellation of departure. The product is intended to be offered/sold in two alternative options:</p> <ul style="list-style-type: none"> • PART A – optional basis under defined plans with set liability limits (primarily for business travelers OR • PART B – offered as NAC (free of charge for customer) to any corporate organizations or organizations with large databases. <p>The Company has obtained SAMA's temporary approval through letter No. 361000152352, dated 04/12/1436H (corresponding to 17/09/2015G) to sell this product for another 6 months until 16 March 2016G.</p> |
| Travel Guard: | <p>Travel Guard insurance products are pre underwritten plans that cover 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. All these plans are Schengen Visa Compliant and are available for individuals and their families.</p> <p>The Company has obtained SAMA's temporary approval through letter No. 361000152336, dated 04/12/1436H (corresponding to 17/09/2015G) to sell this product for another 6 months until 16 March 2016G.</p> |
| Travel Guard Airline: | <p>Travel Guard Airline product provides peace of mind to the insured whilst on travel outside the country of residence in several ways. It pays for medical expenses due to sudden illness or accidental injuries while travelling, damage to the baggage or loss of valuable documents. The covers also include Personal Accident, Emergency Medical Expenses, Emergency Medical Transportation, Repatriation Expense, Legal assistance in case of redress, Loss or damage of personal baggage, Loss of personal money, Loss of passport and cancellation of departure.</p> <p>The product is typically of interest to the travelers if sold at the time of purchasing airline tickets. The product offers the customer the travel protection while he/she is travelling. This is a single trip non-renewable product.</p> <p>This products is under SAMA's review process.</p> |

4-8-2 Life Insurance Product Portfolio

4-8-2-1 Circles of Protection (Accident and Health)

The insurer benefits from the insurance coverage against accidents and damages which include the two following categories:

- 1- Accidents and losses with a ceiling compensation of SAR 1,875,000 (one million eight hundred seventy five thousand).
- 2- Accidents and losses with compensation exceeding SAR 1,875,000 (one million eight hundred seventy five thousand).

The insured will benefit under this policy from the coverage as flying in addition to compensation to any damage may occurs within (360) days from the date of accident provided that the accident is the direct cause of death. The policy also includes coverage for damaged occurs to any parts of the body within (360) days from the date of accident. When, as the result of Injury and commencing within ninety (90) days from the date the accident, the Named Insured is Totally Disabled as defined herein, the Company will pay periodically the Weekly Benefit stated in the Schedule, for a maximum period of one hundred and four (104) weeks, or until the Named Insured attains seventy (70) years of age, whichever occurs first.

The Company has obtained SAMA's final approval through letter No. 371000012427, dated 29/01/1437H (corresponding to 11/11/2015G) to sell this insurance product

Product

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| Circles of Protection: | <p>Comprehensive policy that covers risks related to accident and sickness.</p> <ul style="list-style-type: none">• The product includes the following benefits:• Loss of Life Accident Indemnity• Dismemberment loss of Sight, Hearing and Speech Indemnity• Permanent Total Disability• Accident Medical Expense Reimbursement• Accident Disability Income 104 weeks <p>Additional Supplementary benefits:</p> <ul style="list-style-type: none">• Accident & Sickness In-hospital Income.• Accident & Sickness In-hospital Surgical• Body Repatriation• Permanent and Total Disability due to Sickness.• Passive War Risk <p>The Company has obtained SAMA's final approval through letter No. 371000012427, dated 29/01/1437H (corresponding to 11/11/2015G) to sell this insurance product</p> |
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4-8-2-2 Individual Life Insurance

Products

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| Individual Life Protection Plan | <p>Individual Life Protection Plan has a limited duration and covers loss of life due to any cause.</p> <p>This product is under SAMA's review process.</p> |
| Insta Protect Insurance: | <p>This product is a simplified underwriting individual life protection plan. It pre-sets duration and face amount in multiple packages that includes the following benefits:</p> <ul style="list-style-type: none">• Loss of life due to any cause.• Accelerated Terminal Illness <p>This product is under SAMA's review process.</p> |
| Variable Universal Life: | <p>Variable universal life policies offer life insurance services with an investment component, allowing policy owners to invest their assets among a selection of professionally managed funds that make up the separate account. Unlike non-variable policies, the insurance company does not guarantee the cash value of these investment options.</p> <p>This product is under SAMA's review process.</p> |

4-8-2-3 Employee Benefits (Group Life Product)

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| Employee Benefits (Group Life Product): | <p>Comprehensive package policy that includes compulsory and optional benefits offered to corporate customers.</p> <p>The Company has obtained SAMA's final approval via letter No. 351000140932 dated 16/11/1435H (corresponding to 11/09/2014G) to sell this product.</p> |
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4-8-2-4 Credit Life

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, mortgage financing and others, especially in the Kingdom's fast growing environment.

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| YRT Policy Life: | <p>This plan pays off all or some of a loan or credit card balance if a creditor dies. Although, most credit life policies pay off the whole outstanding balance, some policies may have cap limits. Credit life offer decreasing-benefit policies that mean the company will pay off only what remains of the loan at the time of claim.</p> <p>The Customer</p> <p>Corporate customers resident in the territory of KSA</p> <p>The company has obtained a final approval from SAMA for selling of this product under Letter No. 3710000137445 dated 03/02/1435H (Corresponding to 15/11/2015G)</p> |
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4-8-2-5 Group Medical

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| Group CCHI Medical: | <p>Group CCHI Medical plan reimburses the necessary reasonable and customary medical expenses incurred by an Insured.</p> <p>The Customer</p> <p>Corporate customers resident in the territory of KSA</p> <p>The Company has obtained SAMA's final approval through letter No. 351000140928 dated 16/11/1435H (corresponding to 11/09/2014G) to sell this product.</p> |
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4-9 ALICO's Portfolio Transfer to MetLife AIG ANB Insurance

Before the incorporation of the Company, ALICO had about sixty five hundred (6,500) long-term Savings & Investment and Single Premium A&H policies (Runoff Portfolio) written in Saudi Arabian. Upon introduction of Implementing Regulations in 2004G, ALICO stopped writing new business in Saudi Arabia.

SAMA, through its letter number 361000078280 dated 28/05/1436H (corresponding to 19/03/2015G), allowed ALICO to transfer its Runoff Portfolio to MetLife AIG ANB Insurance in a cash free transaction under a Portfolio Transfer Agreement (PTA) signed between MetLife and the Company on 01/04/2015G.

Below are the salient features of the PTA:

- Portfolio transfer was done at book value with no cash payment;
- Insurance portfolio is 100% permanently reinsured with MetLife;
- ALICO holds MetLife AIG ANB Insurance harmless of operational risk (incl. legal risk);
- Policyholder administration is performed by MetLife AIG ANB Insurance;
 - Premium collection, policy services and payments are done by MetLife AIG ANB Insurance
 - MetLife AIG ANB Insurance will keep accounting records and perform financial reporting
 - MetLife provides remote access to its back-office system in UAE
 - MetLife transfers 4 experienced staff from its KSA branch
- Investments remain off-shore and are titled to and managed by ALICO
- MetLife AIG ANB Insurance has sufficient capital to support the portfolio;
 - Required capital SAR ~9m (\$ 2.3m) net of reinsurance relief
 - Amount will decrease to SAR ~2m (\$ 0.6m) by 2017 as portfolio runs off
- ALICO compensates the Company for expenses and opportunity cost of capital
 - ALICO covers all operating expenses related to managing portfolio
 - ALICO pays retrocession fee reflecting 15% after-tax ROE on a risk-free transaction ~SAR 2m (\$ 0.5m)
- All agreements are governed by Saudi law

4-10 Reinsurance

The Company reinsures a portion of the risks it assumes under its insurance operations to reduce its exposure to losses, stabilize its earnings and protect its capital resources in compliance with the Implementing Regulations.

To reduce its reinsurance concentration risk, the Company has established reinsurance programs with various leading international reinsurers. The criteria for selecting its reinsurers includes (i) financial strength (a minimum rating of 'BBB' or an equivalent rating from a recognized international rating organization); (ii) quality of service; (iii) claims settlement efficiency; (iv) terms and conditions of coverage; and (v) price.

4-10-1 Reinsurance Arrangements for General Insurance (Non-Life) Products

Every general line of business written is protected via a separate treaty between the Company and its reinsurers. The typical reinsurance arrangement for the commercial line is structured using proportional treaty agreement and a combination of working excess of loss to protect the local capital and encourage the building of local surplus.

Consumer lines will usually be protected by a combination of working excess of losses and catastrophe excess of losses to enable the Company to build its local surplus while being protected against significant losses (in frequency and severity). These treaties are provided by the following reinsurers for the Company's general insurance business.

- American Home Assurance Company, USA
- National Union Fire Insurance Company of Pittsburgh, USA
- New Hampshire Insurance Company, USA

All of the above reinsurers are rated A+ by Standard & Poors.

4-10-2 Reinsurance Arrangements for Protection & Savings, Accident & Health and Group Medical Products

Each of the below mentioned products are protected via a separate treaty between the Company and its reinsurers:

- Protection & Savings: is protected by surplus reinsurance arrangement with a local retention up to SAR 375K
- Group Credit Life: is protected via a quota share treaty of 50:50 up to SAR375K
- Group Medical: is protected using a surplus reinsurance agreement with a local retention up to SAR500K

These treaties are or will be provided by A rated reinsurers that provide the most competitive terms and condition to the Company. Such as:

- Hannover Re
- Delaware American Life Insurance Company (DELAM)
- Reinsurance Group of America (RGA) middle East

All of the above reinsurers are rated A or above by Standard & Poors.

The Company's reinsurance program aims to gradually increase the retention levels of the Company while duly considering risk probabilities, protection against catastrophic losses, adequacy of reserves and protection of Shareholders' and insurance operations' funds.

4-11 Technical Provisions (Technical Reserves)

Technical Provisions have been calculated in accordance with SAMA requirements based upon acceptable accounting standards and have been approved by the Company's actuary reflecting the Company's obligations. Technical Provisions include the following:

4-11-1 Unearned Premium Reserves

These are Technical Reserves on policies that are still valid after the financial year end and the reserves are computed for the period for which these policies are still in force.

4-11-2 Unpaid Claim Reserves

These are Technical Reserves on claims incurred and declared to the insurance company but not settled yet, and these reserves are equal to the amount of losses claimed by the insured parties.

4-11-3 Claims Expense Reserves

The claims expenses are the additional amount paid by the insurance companies for the surveyors and loss adjusters involved in the assessment of claims. A reserve for such expenses is taken for the unsettled claims.

4-11-4 IBNR Claims Reserves

These Technical Reserves are known as IBNR and represent the insurance company's assumptions for past losses that have not yet been reported by the insured before the financial year end, but from the Company's experience they are claims incurred and will be declared at later stage, especially on medical and liability policies.

4-11-5 Catastrophe Risk Reserves

These are additional reserves set aside by the insurance company and build up year after year in order to face any unexpected catastrophic event involving many losses at the same time and affecting the retention capacity of the insurance company.

4-11-6 General Expense Reserves

It is a reserve for any general expenses that the company might incur after the financial year end but related to the previous year's operations.

4-12 Main Departments

4-12-1 Protection, Savings and Health Insurance

The protection, savings and health insurance department of the Company is supervised by the Deputy CEO of that division. This department looks after the development of all protection, savings and health insurance and personal accidents insurance products, as well as collects and evaluates essential information on customers and markets according to the type of insurance. It is also 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 develops new insurance products that suit customers' needs, servicing and maintaining their long-term plans in relatively new types of insurance products in the Kingdom.

4-12-2 General Insurance

The general insurance department is supervised by the Deputy CEO of that division. The department is responsible for providing all general insurance products, collecting and evaluating essential information on customers and markets according to the type of insurance. It is also 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.

4-12-3 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 is 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.

4-12-4 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.

4-12-5 Finance Department

The Finance Department is 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

4-12-5-1 Accounting

The main tasks of the accounting division is to identify the policies and procedures for the preparation of the budget and provide detailed guidance as to the allocated budget. The accounting department provides 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 draws up and updates the accounting and financial policies and their related procedures as well as prepares, maintains, manages and updates the Company's financial records and submits 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.

4-12-5-2 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.

4-12-6 Internal Audit (Outsourced)

The Company has outsourced the internal audit function to Protiviti, Bahrain. Protiviti is a global business consulting and internal audit firm with head office in US. It provides services in the areas of risk, advisory and transaction services. Protiviti serves a wide range of clients in America, Asia-Pacific, Europe and the Middle East. Protiviti and its independently owned member firms serve clients through a network of more than seventy (70) locations in over twenty (20) countries. It has more than thirty seven hundred (3,700) professionals providing a host of consulting and internal audit solutions to over sixty (60) percent of Fortune 1,000 and thirty (35) percent of Fortune Global 500 companies.

Protiviti directly reports to the Audit Committee that reports to the Board of Directors. The main duties of Protiviti is to set the standards and means of internal audit in accordance with the rules and regulations of the Company, manages the auditing process and ensures 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. Protiviti prepares reports on the performance of all departments of the Company and the degree of their compliance with the rules and regulations and also reports and discusses the results of the audit process with the Board of Directors.

4-12-7 Insurance Operations

This department consists of the following four divisions:

4-12-7-1 Information Technology

The main duties of the information technology department is to lay down and apply the information technology strategy and develop the services and capabilities of the department to support the strategic objectives of the Company driven by the IT steering committee. Accordingly, the IT department takes part in preparing its business plan and required budget, implements the day-to-day operations and provides periodic reports on efficiency and overall performance as well as maintains 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 realizes 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 also ensures proper performance and operation of all technology, systems and services, maintains and updates the Company's database and website periodically, develops policies, procedures and measures which guarantee the efficiency and soundness of its systems, data protection, information and procedures, assists the various departments of the Company in technical matters and maintenance of systems, establishes and executes an efficient emergency system and information recovery in case of system failure.

4-12-7-2 Reinsurance

The reinsurance function implements 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 also renews contracts under better conditions and in the best interest of the Company.

4-12-7-3 Claims

The claims function ensures 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 also follows up and classifies the cases 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, provides regular reports related to claims, develops and implements policies and procedures in relation to claims operations, conducts studies on claims and calculation of reserves, establishes efficient settlement procedures for claims, prepares periodic reports about the efficiency of the function'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, establishes an efficient system for the registration and archiving of all claims all within the powers entrusted by the Company to each employee of the function, whereby the Company could ensure the integrity of its performance and commitment to serving all stakeholders.

4-12-7-4 Customer Service

The Company considers the customer service function to be the one of the main factors 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 creates a permanent and efficient competitive advantage.

4-12-8 Compliance and Risks Management

Compliance and Risk functions, 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 assessing legal and operational risks in IT systems, business operations, internal controls, security systems and credit. The Compliance and Risk functions 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, the functions ensure that they take 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, and make recommendations that relate to the degree of risks that can be borne by the Company. Additionally, the functions 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, the functions ensure compliance with work procedures and educate the Company's employees periodically about the official rules and regulations.

The compliance and risks functions also coordinate with the other departments regarding compliance issues pertaining to each department. They 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' Committees and the CEO on matters relating to compliance. They coordinate with the human resources department to develop an effective training system for all employees on compliance and notify the financial intelligence unit of any suspicious transactions in addition to providing a copy to SAMA accordingly. The functions also monitor the performance of the compliance program and take steps towards improving their efficiency and applying the best risk management practices in order to keep up with international developments in this area.

4-12-9 Legal Function (Outsourced)

The legal function 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. Currently this function is being supported via an outsourcing agreement with Dhabaan & Partners in association with Eversheds.

Eversheds, LLP is a British multinational law firm headquartered in London. It is one of the fifty (50) largest law firms in the world measured by revenues. It employs around twelve hundred twenty (1,220) lawyers and around seventeen hundred forty five (1,745) other staff in fifty (55) offices in major cities across Africa, Asia, Europe and the Middle East. In Saudi Arabia, Eversheds, in association with Dhabaan & Partners, has presence in Riyadh, Saudi Arabia and advises clients on corporate, commercial, financial, intellectual property, dispute resolution and real estate matters.

4-12-10 Actuarial Function (Outsourced)

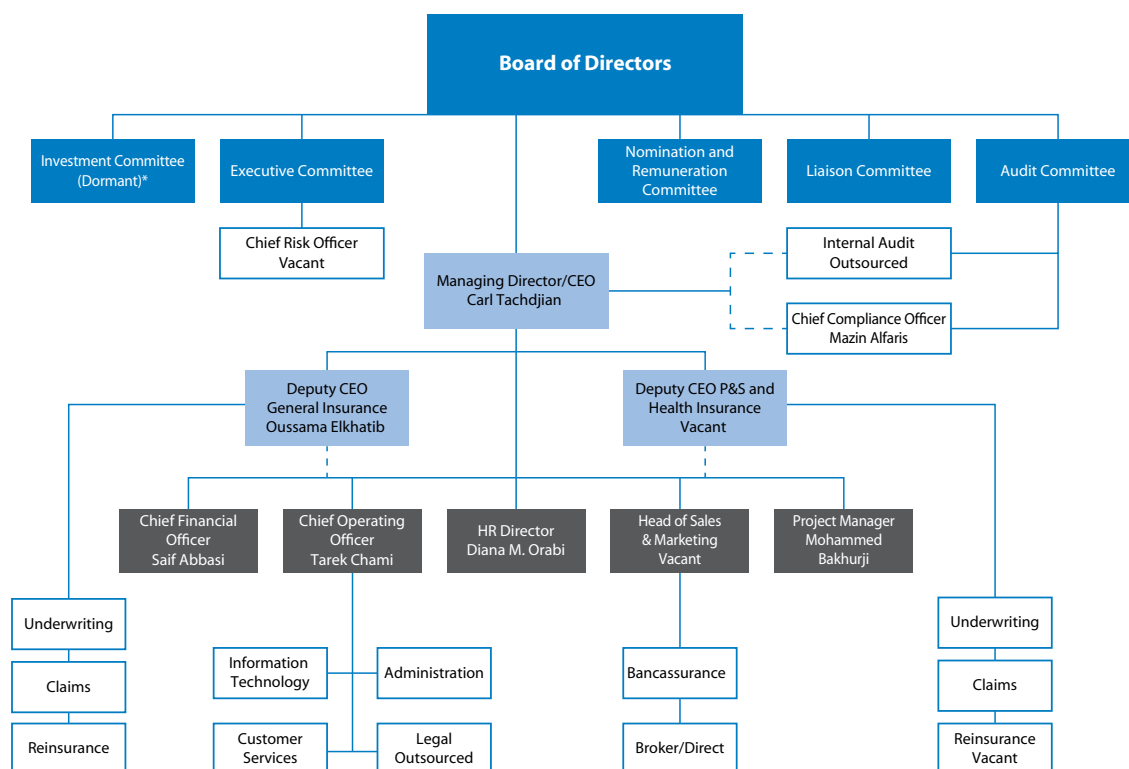
The actuarial function is specialized in developing the insurance plans marketed by the Company including the development of technical foundations such as the regulations of premiums, conditions and benefits, retention rates, investments and other related items, in addition to the scope of risks the Company incurs in the present and the future. This function 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. Currently, this function is being supported via an outsourcing agreement with Lux Actuaries & Consultants, which is an independent actuarial consultancy firm with offices in Bahrain, Cyprus and the UAE.

Founded in 2005, Lux has experienced impressive growth while maintaining high service standards and building a strong reputation in the regions of its operations. Lux works with some of the largest insurance companies in the Gulf and South Eastern Europe.

5. Organizational Structure of the Company

5-1 Proposed Organizational Structure

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



Source: the Company

* On 03/01/1435H (Corresponding to 06/11/2013G) the board of directors decided to suspend the Investment Committee activities and SAMA had been notified under letter No. (S/27/1000) dated 13/03/1435H (Corresponding to 14/01/2014G) and still suspended as of the date of the Prospectus. Its functions are temporarily being looked after by the Executive Committee.

5-2 Board of Directors

The companies Law indicates the competence of the Board of Directors and the General Assembly for the publicly listed companies. It is to be noted that as per the company law the general assembly ranks on the top of the management structure of the public companies. The law has also differentiated between the competence of the ordinary and extraordinary general assemblies.

Without prejudice to the competence of the general assembly, the Board of Directors (The "Board" or (Board of Directors") has broad powers to manage all of the Company's matters, and set policies and guidelines required to attain its objectives (in accordance with article (11) of Governance Law and Article (73) of the companies law) 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.

As per the company's by-laws, the Board of Directors is comprised of eleven (11)⁷ members appointed by the Ordinary General Assembly for three (3) Gregorian years. The current Board of Directors has been appointed in accordance with the constituent General Assembly on 09/09/1434H (Corresponding to 18/07/2013G). However, the represented entities may change their representative in the Board in accordance with Article (13) of the By-laws related to the Management of the Company. The company has obtained SAMA's approval for appointment of the current board members under letter No. M/T 1616 dated 02/07/1433H (Corresponding to 22/05/2010G)

⁷ As per the bylaws of the Company, the Board of Director should comprise of 11 members. Abdullah Ali Al Khalifa (board member and representative of ANB) resigned on 12/06/2015G (corresponding to 25/09/1436H). ANB has nominated and seeking SAMA's approval on the nomination.

On 25/09/1436H (Corresponding to 22/09/2012G (Corresponding to 12/07/2015G) the number of the current Board Members has decreased to ten (10) upon resignation of Mr. Abdullah Ali Al-Khalifa (ANB's Representative)⁸.

The Board has formed important committees, including the Executive Committee, the Audit Committee and the Nomination & Remuneration Committee. The 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. Its 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 Board of Directors.

| Name | Position | Age | Nationality | Representing | Direct Shareholding | Indirect Shareholding | Classification |
|-----------------------------|---------------------------|-----|-------------|--------------|---------------------|-----------------------|-----------------------------------|
| Ramzi Kanaan Abukhadra | Chairman | 49 | Saudi | Public | None | None | Non-executive/ Independent |
| Lama Khalid Al Hajj Ibrahim | Director | 42 | Saudi | ALICO | None | None | Non-executive/ Non-Independent |
| Julio Garcia Villalon | Director | 52 | Spanish | ALICO | None | None | Non-executive/ Non-Independent |
| Youil Dib Homsy | Director | 56 | Lebanese | ALICO | None | None | Non-executive/ Non-Independent |
| Carl Tachdjian | Managing Director/ CEO | 40 | Lebanese | ALICO | None | None | Executive/Non-Independent |
| Robert Maroun Eid | Director | 62 | Lebanese | ANB | None | None | Non-executive/ Non-Independent |
| Suleiman Saud Al-Sayyari | Director | 64 | Saudi | Public | 5,000 0.03% | None | Non-executive/ Independent |
| Abdul Mohsen Ibrahim AlTouq | Director | 42 | Saudi | Public | None | None | Non-executive/ Independent |
| Khalid Hamad Alyahya | Director | 57 | Saudi | Public | None | None | Non-executive/ Independent |
| Asif Iqbal | Director | 42 | British | AIG MEA | None | None | Non-executive/ Non-Independent |
| Vacant* | | | | | | | |

Source: the Company

* Abdullah Ali Al Khalifa resigned from his board position on 09/07/2015G (corresponding to 23/09/1436H) and his resignation accepted on 12/07/2015G (Corresponding to 26/09/1436H) provided to be enforceable effective 15/07/2015G (Corresponding to 29/09/1436H) due to his resignation from ANB. ANB The position is still vacant and the company has not yet obtained SAMA's approval on appointment of any alternate.

⁸ The company is in process to fill this vacancy as the bank has nominated an alternate member for approval and then obtain no objection letter from SAMA on the appointment. As of the date of this prospectus the company has not received any approval from SAMA in this regard. The company intends to appoint the new member in the planned EGM after obtaining SAMA's approval and it will be announced on Tadawul Website.

5-2-1 Brief Profile of the Directors

| Ramzi Kanaan Abukhadra | |
|--|--|
| Date of Appointment: | July 2013G |
| Position: | Chairman, Non-Executive, Independent |
| Age | 49 |
| Nationality | Saudi |
| Education: | <ul style="list-style-type: none"> • Master's degree in Business Administration in 1999G from Harvard University, Boston, United States • Master's degree in Chemical Engineering in 1992G from the University of Texas, Austin, United States • Bachelor's degree in Chemical Engineering with honors in 1987G from the University of Tennessee, Knoxville, United States |
| Work Experience: | <ul style="list-style-type: none"> • Managing Partner of Mayaasim Al Khaleej, Saudi Arabia (a limited liability company engaged in investments in real estate and other projects) since 2013G • Senior Advisor to Gulf Merger for Bahrain and Kuwait (a limited liability mid-market M&A advisory firm in GCC) since 2011G • Managing Director of JPMorgan Chase Bank, Bahrain (an publicly listed multinational banking and financial services holding company headquartered in United States) from 2003G to 2011G • Managing Partner of iHilal Financial Services, Dubai (a limited liability company engaged in offering Shariah compliant financial products and services) from 2000G to 2003G • Director at Carlyle, Saudi Arabia (a partnership engaged in carrying out private equity, alternative asset management and financial services business) from 1999G to 2000G • Lead Project Engineer at Saudi Aramco, Ras Tannura (a Saudi Arabian national petroleum and natural gas company based in Dhahran, Saudi Arabia) from 1996G to 1997G • Project Engineer at Aramco Services Company (a Saudi Arabian national petroleum and natural gas company)/ Bechtel (one of the largest engineering, construction, and project management companies in the world) in Canada and the United States from 1994G to 1996G • Lead Plant Process Engineer at Saudi Aramco, Ras Tannura (a Saudi Arabian national petroleum and natural gas company) from 1992G to 1993G • Plant Process Engineer at Saudi Aramco, Dhahran (a Saudi Arabian national petroleum and natural gas company) from 1987G to 1990G |
| Directorship in Other Companies (Present and Past) | <p>Present:</p> <ul style="list-style-type: none"> • Board member of Kuwait Company for Process Plant, Kuwait (a public listed company engaged in construction activities) since 2014G <p>Past:</p> <ul style="list-style-type: none"> • Vice chairman of Taib Bank, Bahrain (a publicly listed bank based in Bahrain, established in 1979 and is regulated by the Bahrain Monetary Agency) from 2011G to 2013G • Board member of Al Taameer Real Estate Company, Kuwait (a publicly listed company with a primary objective of investing in Kuwaiti real estate market) from 2011G to 2013G • Board member of Rasmala Investment Bank, Dubai (a limited liability investment banking company in UAE) from 2001G to 2003G • Board member of Manafe Al-Jazeera Company, Khobar (a limited liability company engaged in manufacturing and aluminum production) from 2012G to 2014G |
| Lama Khalid Al Hajj Ibrahim | |
| Date of Appointment: | July 2013G |
| Position: | Non-Executive, Non-Independent |
| Age | 42 |
| Nationality | Saudi |
| Education: | <ul style="list-style-type: none"> • Master's degree in International Banking and Financial Services in 1997G from University of Redding, United Kingdom • Bachelor's degree in Business in 1995G from Lebanese American University, Lebanon |

Lama Khalid Al Hajj Ibrahim

| | |
|--|--|
| Work Experience: | <ul style="list-style-type: none"> Vice President, New Food Businesses, Olayan Financing Company, Riyadh (a limited liability company which holds and manages all of the Olayan Group's businesses and investments in Saudi Arabia and the Middle East), since September 2015G Managing Director, Al Bustan Village, Riyadh (a limited liability company engaged in developing and operating residential compounds in Saudi Arabia) from 2014G to 2015G General Manager & Executive Assistant to the CEO of Olayan Financing Company, Riyadh (a limited liability company which holds and manages all of the Olayan Group's businesses and investments in Saudi Arabia and the Middle East) from 2012G to 2014G General Manager – Head of Public Equities at Olayan Saudi Investment Company, Riyadh (a limited liability company established in 1981 as a wholly owned subsidiary of Olayan Financing Company) from 2002G to 2013G Financial Analyst in Corporate Finance Department at Saudi British Bank, Riyadh (a Saudi public listed joint stock company and an associated company of HSBC Group) from 1998G to 2002G |
| Directorship in Other Companies (Present and Past) | <ul style="list-style-type: none"> Never served as a board member for any other company |

Julio Garcia Villalon

| | |
|--|--|
| Date of Appointment: | July 2013G |
| Position: | Director, Non-Executive, Non-Independent |
| Age | 52 |
| Nationality | Spanish |
| Education: | <ul style="list-style-type: none"> Master's degree in Business Administration in 1989G from Wayne State University, United States Bachelor's degree in Business Administration in 1986G from the University of Valladolid, Spain |
| Work Experience: | <ul style="list-style-type: none"> Regional Head for the Middle East region at American Life Insurance Company, Dubai (a DIFC based branch of American Life Insurance Company - a limited liability corporation and wholly owned subsidiary of MetLife Inc., which is engaged in insurance business globally), since January 2012G General Manager of MetLife's operations in Spain (a US based publicly listed holding company for Metropolitan Life Insurance Company), and Regional Director of Wealth Management in Western Europe at MetLife from 2011G to 2012G General Manager of American Life Insurance Company's business in Spain and Portugal, (a limited liability corporation and wholly owned subsidiary of MetLife Inc., which is engaged in insurance business globally), from 2007G to 2010G General Manager of American Life Insurance Company's business in Spain, (a limited liability corporation and wholly owned subsidiary of MetLife Inc., which is engaged in insurance business globally) from 2003G to 2006G Agency Director, Genesis, Spain (a limited liability company set up as a joint venture between Metropolitan Life Insurance Company and Banco Santander to provide insurance services in Spain) from 1994G to 2002G Training and Development Manager, Genesis, Spain (a limited liability company set up as a joint venture between Metropolitan Life Insurance Company and Banco Santander to provide insurance services in Spain) from 1992G to 1994G |
| Directorship in Other Companies (Present and Past) | <ul style="list-style-type: none"> Never served as a board member for any other company |

Youil Dib Homsí

| | |
|----------------------|--|
| Date of Appointment: | July 2013G |
| Position: | Director, Non-Executive, Non-Independent |
| Age | 56 |
| Nationality | Lebanese |
| Education: | <ul style="list-style-type: none"> Master Fellow of the Life Office Management Institute, United States since 1998G Bachelor's degree in Business Administration in 1980G from the Lebanese American University, Lebanon |

Youil Dib Homs

| | |
|--|---|
| Work Experience: | <ul style="list-style-type: none"> • AVP & Regional Director – New Markets for MetLife's operations in Europe, Middle East and Africa Division, Dubai (a branch, duly registered at DIFC, of MetLife Inc., a US based public listed holding company of Metropolitan Life Insurance Company) since August 2013G • AVP & Regional Director & General Manager, Saudi Arabia for MetLife's Middle East, Africa and South Asia Division (a division of MetLife Inc., a US based public listed holding company for Metropolitan Life Insurance Company) from 2009G to 2013G • AVP & Regional Director – New Markets of MetLife's Middle East, Africa and South Asia Division, Dubai (a branch, duly registered at DIFC, of MetLife Inc., a US based public listed holding company of Metropolitan Life Insurance Company) from 2007G to 2009G • General Manager for American Life Insurance Company's operations in Jordan & PNA (a limited liability corporation and wholly owned subsidiary of MetLife Inc., which is engaged in insurance business globally) from 2005G to 2007G • General Manager for American Life Insurance Company's operations in Turkey (a limited liability corporation and wholly owned subsidiary of MetLife Inc., which is engaged in insurance business globally) from 1999G to 2004G • Assistant Vice President, Administration of American Life Insurance Company, Middle East, Africa and South Asia business (a limited liability corporation and wholly owned subsidiary of MetLife Inc., which is engaged in insurance business globally) from 1990G to 1999G • Held other administrative and technical positions in American Life Insurance Company's operations in Gulf and Saudi Arabia (a limited liability corporation and wholly owned subsidiary of MetLife Inc., which is engaged in insurance business globally), from 1980G to 1989G |
| Directorship in Other Companies (Present and Past) | <ul style="list-style-type: none"> • Never served as a board member for any other company |

Carl Tachdjian

| | |
|--|--|
| Date of Appointment: | November 2013G |
| Position: | Managing Director and Chief Executive Officer |
| Age | 40 |
| Nationality | Lebanese |
| Education: | <ul style="list-style-type: none"> • Master's degree in Business Administration in 2000G from Thunderbird, School of Global Management, Arizona, USA • Bachelor's degree in Business Administration in 1997 from American University of Beirut, Beirut, Lebanon |
| Work Experience: | <ul style="list-style-type: none"> • Chief Executive Officer and Managing Director of MetLife AIG ANB Cooperative Insurance Company (a Saudi publicly listed company engaged in offering insurance products and services), Saudi Arabia since 2013G • General Manager (designate) of MetLife AIG ANB Cooperative Insurance Company (a Saudi publicly listed company engaged in offering insurance products and services), Saudi Arabia from 2012G to 2013G • Director, Bancassurance for Gulf Region of American Life Insurance Company, Dubai (a DIFC based branch of American Life Insurance Company - a limited liability corporation and wholly owned subsidiary of MetLife Inc., which is engaged in insurance business globally) from 2008G to 2012G • Manager, Bancassurance for Gulf Region at AIG's operations in Dubai (a US based publicly listed holding company offering insurance products and services globally) from 2005G to 2008G • Regional Business Development Manager, Bancassurance for AIG's operations in Dubai (a US based publicly listed holding company offering insurance products and services globally) from 2004G to 2005G • Management Associate at AIG, Dubai (a US based publicly listed holding company offering insurance products and services globally) from 2002G to 2004G • Management Associate at AIG, USA (a US based publicly listed holding company offering insurance products and services globally) from 2000G to 2002G |
| Directorship in Other Companies (Present and Past) | <ul style="list-style-type: none"> • Never served as a board member for any other company |

Dr. Robert Maroun Eid

| | |
|----------------------|--|
| Date of Appointment: | July 2013G |
| Position: | Director, Non-Executive, Non-Independent |
| Age | 62 |
| Nationality | Lebanese |

| Dr. Robert Maroun Eid | |
|--|--|
| Education: | <ul style="list-style-type: none"> • Ph.D. in Banking and Finance in 1982G from the Sorbonne University in Paris, France • Master's degree in Economics in 1977G from the American University in Beirut, Lebanon • Bachelor degree in Economics in 1975G from the American University of Beirut, Lebanon |
| Work Experience: | <ul style="list-style-type: none"> • Managing Director and Chief Executive Officer of Arab National Bank (a major commercial bank based in Riyadh, Saudi Arabia and listed on the Saudi Stock Exchange) since December 2005G • Head of International Network of foreign branches and subsidiaries of National Bank of Kuwait (a publicly listed bank in Kuwait that offers financial and investment services), London UK from more than 22 years from 1983G to 2005G |
| Directorship in Other Companies (Present and Past) | <p>Present:</p> <ul style="list-style-type: none"> • Member of the board of directors of Arab National Investment Company (a closed joint stock company that offers full spectrum of financial and investment services), Saudi Arabia since 2011G • Member of the board of directors of the Saudi Home Loans (a closed joint stock company that provides Shariah compliant products and services for home finance), Saudi Arabia since 2007G and the member of executive committee since 2008G <p>Past:</p> <ul style="list-style-type: none"> • Chairman of the board of directors of Arab National Investment Company (a closed joint stock company that offers full spectrum of financial and investment services), Saudi Arabia from 2007G to 2011G • Vice Chairman of the board of directors of the National Bank of Kuwait, Lebanon (a wholly owned subsidiary of NBK, Kuwait and offers various financial services), from 1998G to 2006G. • Member of the board of directors of the International Bank of Qatar (a private bank operating since 1956 and offering services in retail, private and corporate banking), Qatar from 2004G to 2005G • Member of the board of directors of the Arab Bankers Association (an association of bankers and finance professionals who work in Arab financial markets), London, United Kingdom from 1997G to 2004G |

| Suleiman Saud Al-Sayyari | |
|--|--|
| Date of Appointment: | July 2013G |
| Position: | Director, Non-Executive, Independent |
| Age | 64 |
| Nationality | Saudi |
| Education: | <ul style="list-style-type: none"> • Certified Environmental Engineer, Saudi Arabia since 2009G and a member of the Saudi Council of Engineers since 1981G • Bachelor's degree in Electrical Engineering in 1974G from Northern Arizona University, Arizona, United States |
| Work Experience: | <ul style="list-style-type: none"> • Chairman of Saudi German Development and Investment Company (a consultancy, advisory and project development company established in 1981 as a joint venture between the Governments of Saudi Arabia and Germany), Saudi Arabia since 2010G • General Manager of Saudi German Development and Investment Company (a consultancy, advisory and project development company established in 1981 as a joint venture between the Governments of Saudi Arabia and Germany), Saudi Arabia from 1987G to 2009G. • Established electrical and mechanical contracting business in Riyadh from 1982G to 1987G • General Manager, Saudi Laminated Plastics Company (a limited liability company engaged in manufacturing plastic products) from 1980G to 1982G • Project Manager, Saudi Electricity Corporation (a Saudi public listed company engaged in power generation, transmission and distribution in Saudi Arabia), from 1979G to 1980G • Project Manager, Ministry of Defence and Aviation (MODA is responsible for the Kingdom's Army, Navy and Air Force. It has responsibility for the construction of civilian airports, military bases and for meteorology), Saudi Arabia from 1974G to 1979G |
| Directorship in Other Companies (Present and Past) | <p>Present:</p> <ul style="list-style-type: none"> • Member of the board of Arab - German Chamber of Commerce and Industry (GHORFA) (an organization created to promote business relations between Germany and the Arab world) since 1998G • Vice Chairman of Saudi Tunisian Business Council (an organization created to promote business relations between Saudi Arabia and Tunisia), Saudi Arabia since 1998G • Member Saudi - Indian Business Council (an organization created to promote business relations between Saudi Arabia and India), Saudi Arabia since 2012G • Member Saudi - Ukraine Business Council (an organization created to promote business relations between Saudi Arabia and Ukraine), Saudi Arabia since 1998G • Member Saudi - Poland Business Council (an organization created to promote business relations between Saudi Arabia and Poland), Saudi Arabia since 2000G <p>Past:</p> <ul style="list-style-type: none"> • Member of the board of Swicorp, Saudi Arabia (a limited liability company that offers private financial services in the spheres of investment banking, private equity and asset management) from 2012G to 2015G |

| Abdul Mohsen Ibrahim AlTouq | |
|--|---|
| Date of Appointment: | July 2013G |
| Position: | Director, Non-Executive, Independent |
| Age | 42 |
| Nationality | Saudi |
| Education: | <ul style="list-style-type: none"> Bachelor's degree in Business Administration in 1995G from King Saudi University, Saudi Arabia |
| Work Experience: | <ul style="list-style-type: none"> Chief Executive Officer of AlTouq Group (a Saudi Arabian family office established in the 1970's as an investment vehicle for the AlTouq family since 1998G Worked with Credit Agricole Indosuez in Geneva and HSBC in the Kingdom in investment and corporate finance departments from 1996G to 1998G |
| Directorship in Other Companies (Present and Past) | <p>Present:</p> <ul style="list-style-type: none"> Member of the board of directors of Dar Al Tamleek, Saudi Arabia (a closed joint stock company engaged in providing home financing solutions to home buyers) since 2008 Chairman of the board of directors of Saudi Metal Coating Company (a closed joint stock company engaged in the business of building materials based in Jeddah, Saudi Arabia) since 2014G Chairman of the board of directors of Saudi Networkers Services, Saudi Arabia (a limited liability company engaged in providing consultancy services for telecommunications, oil & gas and IT businesses) since 2001G Member of the board of directors of Saudi Fransi Capital, Saudi Arabia (a closed joint stock company that offers full spectrum of financial and investment services) since 2013G. He is also a member of the Audit committee of SFC. Member of the board of directors of Saudi Company for Hardware (SACO), Saudi Arabia (a public listed entity on Saudi Stock Exchange engaged in hardware retail and wholesale business) since 2014G Member of the board of directors of Arabian Industries, Saudi Arabia (a closed joint stock company engaged in EPC contracting, manufacturing and maintenance) since 1998G Chairman of the board of directors of Steel Products Company Limited (a closed joint stock company engaged in manufacturing of reinforcing steel), Saudi Arabia since 2014G Member of the board of directors of EATHOS (a limited liability company in Ireland engaged in the business of café, eatery and patisserie) since 2014G <p>Past:</p> <ul style="list-style-type: none"> Member of the board of directors of Gulf Investment Partners, Dubai (a limited liability company engaged in financial and investment services) from 2006G to 2012G Member of the board of directors of Ithmar Capital (a limited liability private equity company targeting the GCC region), Dubai from 2006G to 2014G |

| Khalid Hamad Alyahya | |
|--|--|
| Date of Appointment: | July 2013G |
| Position: | Director, Non-Executive, Independent |
| Age | 57 |
| Nationality | Saudi |
| Education: | <ul style="list-style-type: none"> Master's degree in Civil and Environmental Engineering in 1981G from the University of Wisconsin, United States. Bachelor's degree in Civil and Environmental Engineering in 1980G from the University of Wisconsin, United States. |
| Work Experience: | <ul style="list-style-type: none"> Senior Advisor at Lazard Limited (a US based listed financial and investment advisory firm) in Dubai since 2011G President and CEO of the Saudi Railways Organization (a state-owned company that operates Saudi Arabia's rail network) and the Chairman of the Inter-Ministerial Steering Committee for the railway expansion program in the Kingdom from 1999G to 2007G Executive Director and Member of the Board of Directors at the World Bank Group in the United States from 1997G to 1999G Director in Private Projects department at Saudi Development Fund (a Saudi government funded organization whose main objective is to participate in financing development projects in the developing countries) from 1988G to 1996G Executive Director at Al-Anwae Group (a limited liability company engaged in general investment and portfolio management consultancy) from 1986G to 1988G |
| Directorship in Other Companies (Present and Past) | <p>Present:</p> <ul style="list-style-type: none"> Member of the board of directors of Al Rajhi Capital (a closed joint stock company that offers full spectrum of financial and investment services) since 2010G |

| Asif Iqbal | |
|--|--|
| Date of Appointment: | March 2014G |
| Position: | Director, Non-Executive, Non-Independent |
| Age | 42 |
| Nationality | British |
| Education: | <ul style="list-style-type: none"> Post Graduate Diploma in Legal Practice in 1997G from the University of Hertfordshire, United Kingdom. Bachelor of Laws in 1996G from the University of Hertfordshire, United Kingdom. |
| Work Experience: | <ul style="list-style-type: none"> Chief Operating Officer at AIG MEA Limited, Dubai (a limited liability company registered in DIFC and a wholly owned subsidiary of AIG MEA Investment and Service Inc., a US based company engaged in providing insurance products internationally) since 2014G Senior VP and General Counsel at AIG MEA Limited, Dubai (a limited liability company registered in DIFC and a wholly owned subsidiary of AIG MEA Investment and Service Inc., a US based company engaged in providing insurance products internationally) from 2004G to 2014G Head of Legal and Compliance at Rasmala Investment Bank, Dubai (a limited liability investment banking company in UAE) from 2001G to 2004G Legal and Compliance Associate at CMC Group PLC, UK (a limited liability partnership engaged in providing on-line trading platforms and acts as market makers and principals for various derivatives) from 2001G to 2001G Legal and Compliance Associate at GE Life (National Mutual) (a limited liability company engaged in research and development of medicinal manufacturing and processing), UK from 2000G to 2001G Associate Legal Officer at Sharman Law, Bedford Borough Council (a professional law firm (partnership) in UK offering various legal services from 1998G to 2000G |
| Directorship in Other Companies (Present and Past) | <p>Present:</p> <ul style="list-style-type: none"> Member of the board of directors of AIG, Ghana (an affiliate of American International Group of USA, a publicly listed holding company offering insurance products and services globally) since 2013G Member of the board of directors of AIG MEA Holdings Limited, UAE (a limited liability company registered in DIFC and a wholly owned subsidiary of AIG Property Casualty International, LLC., a US based company engaged in insurance business) since 2011G Member of the board of directors of AIG MEA Limited, UAE (a limited liability company registered in DIFC and a wholly owned subsidiary of AIG MEA Investment and Service Inc., a US based company engaged in providing insurance products internationally) since 2011G Member of the board of directors of AIG Egypt Insurance Company S.A.E, Egypt (an affiliate of American International Group of USA, a publicly listed holding company offering insurance products and services globally) since 2005G Member of the board of directors of AIG Insurance Limited, Sri Lanka (an affiliate of American International Group of USA, a publicly listed holding company offering insurance products and services globally) since 2007G Member of the board of directors of Chartis Investment Holding, Sri Lanka (a private limited company and wholly owned subsidiary of Chartis Memsa Holding Inc.) since 2008G Member of the board of directors of Arabian American Insurance Company, Bahrain (a subsidiary of American International Overseas limited, US which is a wholly owned AIG Property Casualty International, a US based company engaged in insurance business) since 2007G Member of the board of directors of Chartis Takaful – Enaya B.S.C, Bahrain (a subsidiary of American International Overseas limited, US which is a wholly owned AIG Property Casualty International, a US based company engaged in insurance business) since 2006G Member of the board of directors of Chartis Iraq Inc., US (a wholly owned subsidiary of Chartis Memsa Holding Inc., engaged in insurance business) since 2011G Member of the board of directors of AIG MEA Investments and Services Inc., US (a US based company engaged in providing insurance products internationally) since 2014G <p>Past:</p> <ul style="list-style-type: none"> Member of the board of directors of AIG Cyprus Limited, Cyprus (an affiliate of American International Group of USA, a publicly listed holding company offering insurance products and services globally) from 2006G to 2011G Member of the board of directors of AIG Greece Representation of Insurance Enterprises S.A., Greece (an affiliate of American International Group of USA, a publicly listed holding company offering insurance products and services globally) from 2010G to 2011G Member of the board of directors of Hellas Insurance Company S.A., Greece, (now known as Allianz Hellas Insurance Company S.A.) a wholly owned subsidiary of Allianz SE) from 2008G to 2011G Member of the board of directors of Chartis Kazakhstan Insurance Company, Kazakhstan (a joint stock company engaged in insurance business) from 2010G to 2011G Member of the board of directors of AIG Pakistan Insurance Company Limited, Pakistan (a subsidiary of American International Group of USA, a publicly listed holding company offering insurance products and services globally) from 2008G to 2009G Member of the board of directors of AIG Insurance Company, Russia (a closed joint stock company engaged in insurance business) from 2011G to 2013G |

| Asif Iqbal | |
|--|--|
| Directorship in Other Companies (Present and Past) | <ul style="list-style-type: none"> Member of the board of directors of AIG Sigorta A.S., Turkey (a subsidiary of AIG MEA Holding company and engaged in insurance business in Turkey) from 2011G to 2013G Member of the board of directors of AIG Uganda Limited, Uganda (a subsidiary of American International Group of USA, a publicly listed holding company offering insurance products and services globally) from 2012G to 2014G Member of the board of directors of AIG Ukraine Insurance Company, Ukraine (a closed joint stock company engaged in insurance business) from 2010G to 2012G Member of the board of directors of Chartis Africa Holdings Inc. US (a subsidiary of Chartis International LLC, and engaged in insurance business) from 2011G to 2013G Member of the board of directors of Chartis Libya Inc. US (a subsidiary of Chartis Mems Holding Inc., and engaged in insurance business) from 2011G to 2014G Member of the board of directors of AIG Central Europe & CIS Insurance Holdings Corporations, US Uganda Limited, Uganda (a subsidiary of AIG Property and Casualty International, LLC and engaged in insurance business) from 2011G to 2011G Member of the board of directors of Chartis Uzbekistan Insurance Company, Uzbekistan (a limited liability company engaged in insurance business) from 2011G to 2014G |

5-2-2 Board Secretary

| Tarek Fouad Al Chami | |
|--|--|
| Date of Appointment: | 2013G |
| Position: | Board Secretary & Chief Operating Officer |
| Age | 48 |
| Nationality | Lebanese |
| Education: | <ul style="list-style-type: none"> Fellow of Life Management Institute, LOMA, US since 2004G Bachelor's degree in Health Sciences in 1989G from American University of Beirut, Beirut, Lebanon |
| Work Experience: | <ul style="list-style-type: none"> Chief Operating Officer of MetLife AIG ANB Cooperative Insurance Company (a Saudi publicly listed company engaged in offering insurance products and services), Saudi Arabia since 2013G Chief Operating Officer of American Life Insurance Company (a wholly owned subsidiary of MetLife and a global leader in protection and savings insurance incorporated in 1921G), based in Saudi Arabia from 2007G to 2013G Chief Operating Officer for Gulf Region of American Life Insurance Company (a wholly owned subsidiary of MetLife and a global leader in protection and savings insurance incorporated in 1921G), based in Dubai from 2006G to 2007G Held various positions in administration and operations in the Gulf Region of American Life Insurance Company (a wholly owned subsidiary of MetLife and a global leader in protection and savings insurance incorporated in 1921G), Dubai from 1997G to 2005G |
| Directorship in Other Companies (Present and Past) | <ul style="list-style-type: none"> Never served as a board member for any other company |

5-3 Senior Management Team

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

| Name | Position | Age | Nationality | Direct Shareholding | Indirect Shareholding |
|-------------------------|-------------------------------|-----|-------------|---------------------|-----------------------|
| Carl Tachdjian | CEO | 40 | Lebanese | None | None |
| Tarek Chami | Chief Operating Officer | 48 | Lebanese | None | None |
| Osama Younis Al Khatib | Deputy CEO- General Insurance | 49 | Lebanese | None | None |
| Saif Sami Abbasi | Chief Financial Officer | 37 | Jordanian | None | None |
| Mazin Abdullah Al-Faris | Chief Compliance Officer | 43 | Saudi | None | None |
| Diana M. Orabi | Director Human Resource | 41 | Saudi | None | None |
| Mohammed Bakhurji | Project Manager | 32 | Saudi | None | None |

Source: the Company

The Company has obtained the following Approval letters from SAMA with respect to appointment of above senior Executives in their current positions:

| | Name | Position | Nationality | Joining Date | SAMA's Approval |
|---|----------------------------|-------------------------------------|-------------|--|--|
| 1 | Carl Tachdjian | CEO | Lebanese | 25/09/1434H (Corresponding to 01/08/2013G) | Letter No. (341000085538) dated 10/07/1434H (Corresponding to 19/05/2013G) |
| 2 | Osama Younis Al Khatib | Deputy CEO- General Insurance | Lebanese | | Letter No. (341000043873) dated 07/04/1434H (Corresponding to 14/02/2013G) |
| 3 | Tarek Chami | Chief Operating Officer | Lebanese | 15/09/1436H (Corresponding to 01/07/2015G) | Letter No. (341000043873) dated 07/04/1434H (Corresponding to 14/02/2013G) |
| 4 | Saif Sami Abbasi | Chief Financial Officer | Jordanian | 29/02/1435H (Corresponding to 01/01/2014G) | Letter No. (351000094895) dated 22/07/1435H (Corresponding to 06/05/2014G) |
| 5 | Mazin Abdullah Al-Faris | Chief Compliance Officer | Saudi | 30/07/1434H (Corresponding to 08/06/2013G) | Letter No. (351000004397) dated 09/01/1435H (Corresponding to 12/11/2013G) |
| 6 | Diana M. Orabi | Director Human Resources | Saudi | 24/09/1434H (Corresponding to 31/07/2013G) | Letter No. (351000004397) dated 09/01/1435H (Corresponding to 12/11/2013G) |
| 7 | Mohammed Bakhurji | Project Manager | Saudi | 14/01/1435H (Corresponding to 17/11/2013G) | Letter No. (351000004397) dated 09/01/1435H (Corresponding to 12/11/2013G) |

5-3-1 Resumes of the Senior Management Team

| Carl Tachdjian | |
|--|---|
| Position: | Managing Director and Chief Executive Officer For information on Carl Tachdjian, please see section "Resumes of Board of Directors". |
| Tarek Fouad Al Chami | |
| Position: | Chief Operating Officer and Board Secretary For information on Tarek Fouad Al Chami, please see section "Resumes of Board of Directors". |
| Osama Younis Al Khatib | |
| Date of Appointment: | 2013G |
| Position: | Deputy CEO - General Insurance |
| Age: | 49 |
| Nationality: | Lebanese |
| Education: | <ul style="list-style-type: none"> Advanced Diploma in 2014G from Chartered Insurance Institute (CII), London, United Kingdom Professional Insurance Certificate in 2013G from Bahrain Institute of Banking and Finance, Bahrain Bachelor's degree in Physics in 1994G from Lebanese University, Beirut, Lebanon |
| Work Experience: | <ul style="list-style-type: none"> General Manager, AIG (a US based public listed holding company with more than 88 million customers in 130 countries), Saudi Arabia from 2009G to 2013G Western Area Manager, AIG (a US based public listed holding company with more than 88 million customers in 130 countries), Saudi Arabia from 2008G to 2009G Operations Manager at Arabia Insurance International Company (a branch of Arabic Insurance Company, Lebanon), Riyadh from 2007G to 2008G Branch Manager at (a branch of Arabic Insurance Company, Lebanon), Riyadh from 2003G to 2006G Assumed several positions at (a branch of Arabic Insurance Company, Lebanon), Riyadh from 1995G to 2003G P&C Underwriting Audit on KSA branches of Arabia Insurance Company, Lebanon (an insurance company registered in Lebanon and obtained license in Saudi under new SAMA regulations and today known as Arabia Insurance Cooperative Company) from 1993G to 1995G |
| Directorship in Other Companies (Present and Past) | <ul style="list-style-type: none"> Never served as a board member for any other company |

| Saif Sami Abbasi | |
|--|---|
| Date of Appointment: | 2014G |
| Position: | Chief Financial Officer |
| Age: | 37 |
| Nationality: | Jordanian |
| Education: | <ul style="list-style-type: none"> Bachelor's degree in Accounting in 2000G from University of Jordan, Amman, Jordan |
| Work Experience: | <ul style="list-style-type: none"> Chief Financial Officer of MetLife (a US based public listed holding company for Metropolitan Life Insurance Company), Jordan & PNA from 2010G to 2013G Internal Auditor at MetLife (a US based public listed holding company for Metropolitan Life Insurance Company), Jordan & PNA from 2002G to 2010G |
| Directorship in Other Companies (Present and Past) | <ul style="list-style-type: none"> Never served as a board member for any other company |

| Mazin Abdullah Al-Faris | |
|--|--|
| Date of Appointment: | 2013G |
| Position: | Chief Compliance Officer |
| Age: | 43 |
| Nationality: | Saudi |
| Education: | <ul style="list-style-type: none"> Certified Compliance Officer by American Academy of Financial Management since 2008G Bachelor's degree in Banking and Finance in 2003G from University of Bahrain, Bahrain |
| Work Experience: | <ul style="list-style-type: none"> Chief Compliance Officer of Saudi United Cooperative Insurance Company (Wala'a) (a Saudi listed entity engaged in providing insurance products and services) from 2008G to 2013G Held positions as Patient Relations Manager and Senior Accountant at Mouwasat Hospital (a Saudi listed entity engaged in providing health care services), Qatif from 2003G to 2007G Head of Dammam International Trade Center in Arab National Bank (a major commercial bank based in Riyadh, Saudi Arabia and listed on the Saudi Stock Exchange), Dammam from 2001G to 2001G Held various position (Manager Trade Products Division, Assistant Manager Trade Products, Supervisor LC's unit, etc.) at Samba Financial Group (a major commercial bank based in Riyadh, Saudi Arabia and listed on the Saudi Stock Exchange) from 1990G to 2000G |
| Directorship in Other Companies (Present and Past) | <ul style="list-style-type: none"> Never served as a board member for any other company |

| Diana M. Orabi | |
|--|---|
| Date of Appointment: | 2013G |
| Position: | Director, Human Resource |
| Age: | 41 |
| Nationality: | Saudi |
| Education: | <ul style="list-style-type: none"> Bachelor's degree in Business Administration in 2011G from British Open University, United Kingdom Diploma in Business Administration in 1994G from Al-Khaleejia Institute, Riyadh |
| Work Experience: | <ul style="list-style-type: none"> Divisional HR Manager for HLG Leighton, Middle East (a limited liability company engaged in construction and contracting services), Saudi Arabia from 2012G to 2013G Director HR at Alfaisal University (a private, non-profit and research university based in Riyadh), Saudi Arabia from 2006G to 2012G Design & Construction Supervisor at Kingdom Holding Company (a diversified investment conglomerate listed on Saudi Stock Exchange) from 2005G to 2006G Manager Human Resource & Administration at Sima Malak & Al Samoure Design Associates (a limited liability company engaged in design consultancy), Saudi Arabia from 2000G to 2005G Held other executive administrative positions at Al Nahda Society (a non-profit organization for empowering women through financial & social support), Riyadh from 1997G to 1999G |
| Directorship in Other Companies (Present and Past) | <ul style="list-style-type: none"> Never served as a board member for any other company |

| Mohammed Bakhurji | |
|--|---|
| Date of Appointment: | 2013G |
| Position: | Project Manager |
| Age: | 32 |
| Nationality: | Saudi |
| Education: | <ul style="list-style-type: none"> Bachelor of Engineering with Honors in Aircraft Engineering in 2006G from Kingston University, London, United Kingdom |
| Work Experience: | <ul style="list-style-type: none"> Reliability Manager and Deputy Engineering Manager at NASTech (a subsidiary of NAS Holding, a closed joint stock company engaged in providing Aviation Engineering and Maintenance solutions and services), Saudi Arabia from 2011G to 2013G Senior Systems Engineer at BAE Systems Saudi Arabia (a limited liability company responsible for all aspects of BAE Systems PLC's activities in Saudi Arabia) from 2008G to 2011G Support Engineer at BAE Systems Saudi Arabia (a limited liability company responsible for all aspects of BAE Systems PLCs' activities in Saudi Arabia) from 2007G to 2008G |
| Directorship in Other Companies (Present and Past) | <ul style="list-style-type: none"> Never served as a board member for any other company |

5-4 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 comply with all Corporate Governance Regulations issued by the CMA and amendments thereto. 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 has 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 is 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 directions by the Board.

The Company has efficient internal control systems. It has outsourced the internal audit function to Protiviti, Bahrain to undertake independent reviews of all functions of the Company. Moreover, the Company's external auditors are engaged to provide audit services and do not provide any services which are incompatible with such role. The Company's external auditors provide annual reporting to the Company and an annual management letter.

The Company's Corporate Governance framework has been approved during the General Assembly Meeting convened in Riyadh on 18/6/2014G (corresponding 20/08/1435H). The Company has also (i) approved and adopted a policy for conflict of interests and criteria for the appointment of directors and (ii) elaborated disclosure procedures.

Moreover, the Company is fully compliant in applying all relevant rules and regulations issued by the regulatory and supervisory authorities including all provisions of the Corporate Governance Regulations.

The following statement shows the Company's status with regard to compliance with the Corporate Governance Regulations:

| Article | Compliance Status of the Company |
|---|--|
| Article (3) and Article (4/A) General Rights of Shareholders and Facilitation of Shareholders' Exercise of Rights and Access to information | Compliant |
| Article (4/B) Facilitation of Shareholders' Exercise of Rights and Access to information | Compliant |
| Article (5) Shareholders' Rights Related to General Assembly | Compliant |
| Article (6) Voting Rights | Yes, comply with the shareholders' right to vote in the General Assembly for the nomination of board members in accordance with the accumulative voting method (Shareholder has the right to vote with an equivalent to the shares he holds and has the right to use all shares for a single candidate or multi candidates without repeating the same votes. Currently Not Applicable – The current BOD is the first appointed BOD of the company. |
| Article (7) Dividends Rights of Shareholders | Currently Not Applicable – No net profits generated yet. |

| Article | Compliance Status of the Company |
|--|----------------------------------|
| Article (8) Policies and Procedures Related Disclosure | Compliant |
| Article (9) Disclosure in the Board of Directors' Report | Compliant |
| Article (10) Main Functions of the Board | Compliant |
| Article (11) Responsibilities of the Board | Compliant |
| Article (12) Formation of the Board | Compliant |
| Article (13) Committees of the Board | Complaint |
| Article (14) Audit Committee | Compliant |
| Article (15) Nomination and Remuneration Committee | Compliant |
| Article (16) Meetings of the Board and Agenda | Compliant |
| Article (17) Remuneration and indemnification of Board Members | Compliant |
| Article (18) Conflict of Interest within the Board | Compliant |

The following is a summary of the 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 announces 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 Board of Directors:

The Board of Directors assumes full responsibility for the Management of the Company to provide efficient leadership and maintains a sound internal control system in order to protect the interests of the Shareholders. The Company applies cumulative voting in the General Assembly for the election of Directors in compliance with the requirements of the Corporate Governance Regulations. The current Board of Directors has been appointed on 09/09/1434H (corresponding to 08/07/2013G).

Balance of the Board:

Most of the Directors of the Company are 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. Clear guidelines have been provided as to the responsibility sharing between the CEO and the Chairman of the Board, in order to ensure a balanced power-sharing and authority.

Disclosure of financial and other information:

The Board also assumes responsibility for providing the Shareholders with an actual and fair overview of the Company's financial performance. In addition, there is 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 has formed three 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:

5-4-1 The Executive Committee

As mentioned in the Company's By-Laws, the Board shall form an Executive Committee consisting of not less than three (3) members and not more than five (5) members. The Board may delegate powers to such committee, pursuant to the By-Laws 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 Executive Committee comprises of five (5) members of Board of Directors and its quorum shall consist of at least two

third (2/3) of the Committee members attending. The duties and responsibilities of the Executive Committee include the following:

- Make recommendations to the Board of Directors in regards to the topics raised by the executive management of the Company, and determines which of those shall be referred to the Board;
- Review the annual business plan and budgets of the Company before submission to the Board for approval; and
- Approve the organization chart of the CEO, the two Deputy CEOs and their direct reports.

The Executive Committee of the Company is comprised of the following members as at the date of the Prospectus:

| Name | Position | Representing |
|-----------------------|----------------------------|--------------------|
| Julio Garcia Villalon | Chairman | ALICO |
| Carl Tachdjian | Member & Managing Director | ALICO |
| Robert Maroun Eid | Member | Arab National Bank |
| Asif Iqbal | Member | AIG MEA |
| Vacant* | Member | Arab National Bank |

Source: the Company

* Abdullah Ali Al Khalifa (representative of ANB) resigned from his board position and Executive Committee member position on 12/07/2015G (corresponding to 25/09/1436H). ANB has identified a replacement and is in the process of submitting request to SAMA for the approval on the name as of the date of the Prospectus.

The By-Laws of the Company requires at least six (6) meetings per year of the Executive Committee. The Executive Committee met 6 times in 2014G. 2014G was the first full financial year of the Company after its incorporation in October 2013G. Executive Committee met 4 times in 2015G (As of 30/09/2015G).

5-4-1-1 Resumes of the Members of the Executive Committee

For information on the members of the Executive Committee, please refer to "Resumes of Board of Directors" Section above.

5-4-2 Nomination & Remuneration Committee

Nomination and Remuneration Committee comprises of three (3) members from Board of Directors and its quorum shall consist of a majority of its members, attending in person or by proxy.

The duties and responsibilities of the Nomination and Remuneration Committee include the following:

- Recommend to the Board of Directors appointments to membership of the Board in accordance with the approved policies and standards. The Committee shall ensure that no person who has been previously convicted of any offense affecting honor or honesty is nominated for such membership;
- Review annually the requirement of suitable skills for membership of the Board of Directors and preparation of the required capabilities and qualifications for such membership;
- Review the structure of the Board and recommend change;
- Determine the points of strength and weakness in the Board of Directors and recommend remedies that are compatible with the Company's interest; and
- Ensure on annual basis the independence of the independent members and the absence of any conflict of interest in case a Board member also acts as a member of the Board of Directors of another company.

The Company Corporate Governance requires that the Nomination and Remuneration Committee should meet at least twice a year. During 2014G, the Nomination and Remuneration Committee met three (3) times and one time during 2015G.

The Nomination and Remuneration Committee of the Company is comprised of the following members as at the date of the Prospectus:

| Name | Position | Representing |
|-------------|----------|--------------|
| Vacant* | Chairman | ANB |
| Youil Homsy | Member | ALICO |
| Asif Iqbal | Member | AIG MEA |

Source: the Company

*On 18/11/1436H (Corresponding to 02/09/2015G) the board has approved appointment of Mr. Ramzi Abu Khadra as chairman of the nomination and remuneration committee as replacement to Mr. Abdullah Ali Al Khalifa (representative of ANB) who resigned from his

position on 12/06/2015G (corresponding to 25/09/1436H) and as of the date of this prospectus there is no appointment approval from SAMA. The company advised that he is currently chairing the committee.

5-4-2-1 Resumes of the Nomination and Remuneration Committee Members

For information on the Members of the Nomination and Remuneration Committee, please see section "Resumes of Board of Directors".

5-4-3 Audit Committee

The Board formed a committee consisting of an Independent Director and 4 other members, 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 per the By-Laws of the Company, the Audit Committee is formed of not less than three (3) and not more than five (5) non-executive members. It shall be composed of a majority of non-directors. The Audit Committee comprises of five (5) members and its quorum shall not be less than three (3) members, attending in person or by proxy.

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 Company Corporate Governance Regulations require the Audit Committee to meet four times a year. During 2014G, the Audit Committee met four (4) times and during 2015G till the date of the Prospectus, the Committee has met three (3) times at the end of each quarter of this year.

The Audit Committee of the Company is comprised of the following members as at the date of the Prospectus:

| Name | Position |
|-----------------------|----------|
| Vacant* | Chairman |
| Suleiman Al Sayyari | Member |
| Abdul Mohsen Al Rayes | Member |
| Arif Abdulaziz | Member |
| Vacant** | Member |

Source: the Company

* Majed Al Issa resigned from his position of the Chairman of Audit Committee on 3rd November 2015G. The Company is in the process of appointing a new Audit Committee Chairman

** Carol Glynn resigned from her position of Audit Committee member on 25th August 2015. The Company is in the process of appointing a new Audit Committee members.

5-4-3-1 Resumes of the Members of the Audit Committee

| Suleiman Al Sayyari | |
|---------------------|---|
| Position: | Chairman of Audit Committee |
| | For information on Suleiman Al Sayyari, please see section "Resumes of Board of Directors". |

Abdul Mohsen Al Rayes

| | |
|---|--|
| Date of Appointment: | June 2014 |
| Position: | Member of Audit Committee |
| Age: | 57 |
| Nationality: | Saudi |
| Education: | <ul style="list-style-type: none"> Bachelor's degree in Management Information Systems from California State University, California, USA in 1981G |
| Work Experience: | <ul style="list-style-type: none"> Head of Internal Audit of ANB (a major commercial bank based in Riyadh, Saudi Arabia and listed on the Saudi Stock Exchange) since 2013G Head of Retail Audit of ANB (a major commercial bank based in Riyadh, Saudi Arabia and listed on the Saudi Stock Exchange) from 2003G to 2013G Head of Retail Operations of ANB (a major commercial bank based in Riyadh, Saudi Arabia and listed on the Saudi Stock Exchange) from 2001G to 2003G Regional Manager – Central Region of ANB (a major commercial bank based in Riyadh, Saudi Arabia and listed on the Saudi Stock Exchange) from 1998G to 2001G Head of International Recruitment of Saudi Industrial Development Fund (a quasi-government entity established with an objective of supporting the development of the private industrial sector) from 1992G to 1997G Senior Retail Manager – Central Region of Saudi British Bank (a major commercial bank based in Riyadh, Saudi Arabia and listed on the Saudi Stock Exchange) from 1989G to 1991G Head of Retail Operations – Central Region of Saudi British Bank (a major commercial bank based in Riyadh, Saudi Arabia and listed on the Saudi Stock Exchange) from 1985G to 1989G Branch Manager of Saudi British Bank (a major commercial bank based in Riyadh, Saudi Arabia and listed on the Saudi Stock Exchange) from 1982G to 1985G |
| Directorship in Other Companies (Present and Past): | <ul style="list-style-type: none"> Never served as a board/committee member for any other company |

Arif Abdulaziz

| | |
|---|--|
| Date of Appointment: | June 2014 |
| Position: | Member of Audit Committee |
| Age: | 60 |
| Nationality: | Pakistani |
| Education: | <ul style="list-style-type: none"> Chartered Accountant from the Institute of Chartered Accountants of Pakistan since 1982G Bachelor's degree in Business Administration in 1975G from Karachi University, Pakistan |
| Work Experience: | <ul style="list-style-type: none"> Deputy Regional Financial Officer Gulf Region of American Life Insurance Company (a wholly owned subsidiary of MetLife Inc. a US based public listed holding company for Metropolitan Life Insurance Company), based in Dubai since 2011G to present. Arif joined American Life Insurance Company (a wholly owned subsidiary of MetLife and a global leader in protection and savings insurance incorporated in 1921G) in 1986G and held several positions, including regional controller of the Middle East, Africa and South Asia region. Arif has 38 years of experience in finance, accounting and auditing. Regional Financial Controller of Middle East of American Life Insurance Company (a wholly owned subsidiary of MetLife Inc., a US based public listed holding company for Metropolitan Life Insurance Company) from 1997 to 2011 . Held various positions at KPMG (a multinational professional services firm and is one of the big four audit firms, along with Deloitte, EY and PWC), Dubai and Pakistan from 1976G to 1986G |
| Directorship in Other Companies (Present and Past): | <ul style="list-style-type: none"> Board member of American Life Insurance Company's operations in Pakistan from 2002G to 2014G |

5-4-4 Liaison Committee

The Board formed a Liaison Committee consisting of 7 members representing the Founding Shareholders and the Company. The Board has delegated duties and powers to the Liaison Committee and from time to time reviews it in accordance with the provisions of the Corporate Governance Regulations. The role of the Liaison Committee is to discuss the matters relating to the smooth operation of the Company. The Liaison Committee shall serve in an advisory capacity only, and its decisions shall not be binding.

A quorum of the Liaison Committee shall consist of at least one representative of each of the Founding Shareholders, attending in person or by proxy.

The Liaison Committee of the Company is comprised of the following members as at the date of the Prospectus:

| Name | Representing | Position |
|--------------------|--------------|----------|
| Carl Tachdjian | Company | Chairman |
| Youil Homs | ALICO | Member |
| Hani Al Saif | ANB | Member |
| Farid Sabir | AIG | Member |
| Alvin Wilson | ANB | Member |
| Oussama ElKhatib | Company | Member |
| Antoine Aboujaoude | Company | Member |

Source: the Company

5-4-4-1 Resumes of the Members of the Liaison Committee

| Carl Tachdjian | |
|----------------------|--|
| Position: | Chairman of Liaison Committee For information on Carl Tachdjian, please see section "Resumes of Board of Directors". |
| Youil Homs | |
| Position: | Member of Liaison Committee For information on Youil Homs, please see section "Resumes of Board of Directors". |
| Hani Ali Al Saif | |
| Date of Appointment: | 2013G |
| Position: | Member of Liaison Committee |
| Age: | 47 |
| Nationality: | Saudi |
| Education: | <ul style="list-style-type: none"> Insurance Diploma from Institute of Public Administration, Riyadh in 1991G High Diploma (certification) in Financial Planning from Institute of Banking, Riyadh in 2005G |
| Work Experience: | <ul style="list-style-type: none"> General Manager of ANB Insurance Agency (a limited liability company and a subsidiary of ANB engaged in insurance agency business), Riyadh since 2012G General Manager of SABB Insurance Agency (a limited liability company and a subsidiary of Saudi British Bank engaged in insurance agency business), Riyadh from 2010G to 2012G Compliance Officer and Company Secretary at SABB Takaful (a publicly listed company on Tadawul and engaged in insurance business) from 2008G to 2009G and Operation Manager from 2005G to 2007G Bancassurance Operation Manager at Banque Saudi Fransi (a public listed bank on Tadawul and engaged in banking business) from 2001G to 2005G Held various positions at Tawuniya (a public listed company on Tadawul and engaged in insurance business) from 1991G to 2000G |

Farid Sabir

| | |
|---|--|
| Date of Appointment: | 2014G |
| Position: | Member of Liaison Committee |
| Age: | 42 |
| Nationality: | Lebanese/Canadian |
| Education: | <ul style="list-style-type: none"> Bachelor's Degree in Business Administration (Finance and Accounting) from Lebanese University, Lebanon in 1995G Bachelor's in Law from Institut Superior De Droit "La Sagesse", Beirut, Lebanon in 1997G Bachelor's Degree in Business Administration (Marketing and Management) from Lebanese University, Lebanon in 1997G Diploma in Insurance – Dip CII from Chartered Insurance Institute of UK, United Kingdom in 2005G |
| Work Experience: | <ul style="list-style-type: none"> Managing Director of Arabian American Insurance Company (a subsidiary of American International Group of USA, a publicly listed holding company offering insurance products and services globally) for Egypt, Lebanon, Morocco, North Africa and Saudi Arabia (for AIG runoff portfolio) since 2014G General Manager, AIG UAE (an affiliate of AIG USA and engaged in insurance business) from 2013G to 2014G General Manager, AIG Kuwait (an affiliate of AIG USA and engaged in insurance business) from 2007G to 2013G and Business Development Manager from 2006G to 2007G Operations Executive at Ras Al Khaimah National Insurance Company, UAE (a UAE based insurance company) from 2000G to 2006G and Head of Claims Department from 1997G to 2000G |
| Directorship in Other Companies (Present and Past): | <ul style="list-style-type: none"> Chairman of AIG Lebanon (an affiliate of AIG USA and engaged in insurance business) since 2014G Vice Chairman of AIG Egypt (an affiliate of AIG USA and engaged in insurance business) since 2014G |

Alvin F Wilson

| | |
|--|---|
| Date of Appointment: | 2013G |
| Position: | Member of Liaison Committee |
| Age: | 60 |
| Nationality: | American |
| Education: | <ul style="list-style-type: none"> Bachelors of Business Administration from Colby College, Waterville, Maine, USA in 1978G |
| Work Experience: | <ul style="list-style-type: none"> Head of Strategic Investments and Financial Institutions at Arab National Bank (a publicly listed company on Tadawul and engaged in banking business), Riyadh since 2012G, Head of International Contracting and International Relations from 2009G to 2012G and Head of International Contracting – Corporate Banking from 2007G to 2009G Head of Corporate and Commercial Banking Department at Oman International Bank (a banking company in Oman), Muscat from 2005G to 2007G Team Leader, Corporate Banking Group at Banque Saudi Fransi (a publicly listed company on Tadawul and engaged in banking business), Riyadh from 1995G to 2005G Group General Manager, Finance and Administration of Abdul Ghani El Ajou Group (a family business engaged in trading of equipment and machines), Riyadh from 1993G to 1995G Senior Marketing Officer and Team Leader – Corporate Banking Group at the National Commercial Bank (a publicly listed company on Tadawul and engaged in banking business), Riyadh from 1991G to 1993G Worked at various banking and financial institutions in USA from 1978G to 1993G |
| Directorship in Other Companies (Present and Past) | <ul style="list-style-type: none"> Member of the board of directors and member of executive committee of Al Arabi Heavy Equipment Leasing Company (a closed joint stock company engaged in equipment leasing and rentals business) since 2012G |

Oussama ElKhatib

Position: Member of Liaison Committee
For information on Oussama ElKhatib, please see section "Resumes of Senior Management".

Antoine Aboujaoude

Date of Appointment: 2013G

Position: Member of Liaison Committee

Age: 44

Nationality: Lebanese

Education:

- Bachelor's Degree in Business Administration from Notre Dame University, Lebanon in 1995G
- Master degree in Business Administration from Notre Dame University, Lebanon in 2001G

Work Experience:

- Director, Bancassurance at MetLife AIG ANB Cooperative Insurance Co. since 2013G
- Held various positions at ALICO (a wholly owned subsidiary of MetLife and a global leader in protection and savings insurance incorporated in 1921G) from 2001G to 2013G

5-4-5 Investment Committee (Dormant)

The Board formed an Investment Committee to develop and assess the implementation of the investment policy. The investment policy includes investment guidelines, asset allocation ranges, asset classes and prohibited investments. The investment committee informs the Board of any modifications to the investment policy. It ensures that the Company's investment account is clearly split in the Company records. It further ensures that the policyholders' investments are appropriately segregated from shareholders investments in subsidiary and general ledgers.

Investment Committee is dormant since its formation and its role and functions are being looked after by the Executive Committee. The committee does not have any active committee member as of the date of the Prospectus.

5-5 Remuneration of the Board of Directors and Senior Executives

Compensation and remuneration of the Directors shall be determined in accordance with Article (17) of the By-Laws. 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 is SAR 180,000 (one hundred eighty thousand Saudi Riyals) per annum. The remuneration for each Director for performing their respective duties is SAR 120,000 (one hundred twenty thousand Saudi Riyals) per annum.

The Chairman and each Director are paid three thousand Saudi Riyals (SAR 3,000) for attending each Board meeting and a sum of one thousand five hundred Saudi Riyals (SAR 1,500) for attending each meeting of the Board's sub committees. The Company 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, there is an agreement among the Founding Shareholders that any board and committee member representing them on the board or the committee of the Company and is full time employee or a director in one of their affiliates or subsidiaries will waive his/her annual remuneration and meeting attendance allowance.

The compensations and remunerations for the Board Members and the senior executives are proposed by the Remunerations and Nominations Committee in-line with the resolutions issued in this regard. The compensations and remunerations are first submitted to the Board for their approval and then presented to the ordinary general assembly for voting.

The following table shows the remunerations, benefits and wages paid to the board members as well as the salaries, remunerations and allowances of the five senior executives including the CEO and the Chief Financial Officer of the Company during the years 2013G and 2014G.

Remuneration and benefits of the Board of Directors and Senior Executives

| | 2014 | 3Q2015 |
|---|------------------|------------------|
| | SAR | SAR |
| Board Members | 999,000 | 399,000 |
| Senior Executives (including CEO and CFO) | 8,589,000 | 5,626,000 |
| Total Compensation Paid | 9,588,000 | 6,025,000 |

Source: The Company

5-5-1 Employment Contracts of Senior Executives

Some senior executives have signed specified-term service contracts with the Company that incorporated their employment terms and conditions and remunerations. The following is a summary of the employment contracts with senior executives.

| Carl Tachdjian | |
|-----------------------------|--|
| Job Title: | CEO |
| Contract Date: | Contract effective date was 29th August, 2013 |
| Place of Work: | The employee headquarter shall be in Al Riyadh city or any other place in the Kingdom, where the Company practices any part of its business and activities |
| Contract Term: | The term of this contract is (one) Gregorian year starting from the date of commencing works by the employee, the first three months of this contract are a probationary period during which, both parties may terminate the contract without a prior notice, reward or compensation. |
| Basic Salary and Allowance: | <ul style="list-style-type: none"> Basic Salary: Seventy four thousand three hundred thirty one Saudi Riyals (SAR 74,331) Housing allowance: The Company will cover the housing expenses directly with the Land Lord / Real Estate Agency. The housing allowance will be settled on the basis of one annual lump sum to the Land Lord / Real Estate Agency Transportation allowance: The Company will pay to the employee at the end of every Gregorian Month, a transportation allowance in the amount of SAR 8,756 |
| Basic Salary and Allowance: | <ul style="list-style-type: none"> Children from (4-18) years old, the Company will cover their education fees related to education and it shall cover the surplus of SAR 50,625/- for one child for the academic year, in maximum of three children inside and outside Saudi according to internal regulations of the company . Annual Bonus: 50% of the annual total basic salary payable as per the Company bonus guidelines (paid in SAR). The employee is insured under the life insurance policy according to the internal regulations of the Company |
| End of Service Benefits: | The end of service benefit shall be calculated according to the provisions of the Saudi Labor Law |
| Annual Vacation | The employee is entitled a paid annual leave of 30 days throughout the period of this contract. The Company and the employee shall agree to determine the date of this level according to the work needs. |
| Medical Insurance | The employee and his dependents shall have a full medical coverage according to the medical insurance program of the Company |
| Contract Termination | The contract shall be automatically renewed for a similar period, unless either party notified the other party with his unwillingness to renew the contract, two month at least before the expiration date of the contract, the employee may terminate his contract upon delivering a written notification of thirty days to the Company stating his resignation. |

| Saif Sami Abbasi | |
|------------------|---|
| Job Title: | CFO |
| Contract Date: | Contract effective date was 1st January , 2014 |
| Place of Work: | The employee headquarter shall be in Al Riyadh city or any other place in the Kingdom, where the Company practices any part of its business and activities |
| Contract Term: | The term of this contract is (one) Gregorian year starting from the date of commencing works by the employee, the first three months of this contract are a probationary period during which, both parties may terminate the contract without a prior notice, reward or compensation. |

| | |
|-----------------------------|--|
| Basic Salary and Allowance: | <ul style="list-style-type: none"> Basic Salary: Thirty eight thousand Saudi Riyals (SAR 38,000) Housing allowance: The CFO is granted the amount of 180,000 SAR annually in the percentage of 100% of the total amount after the completion of the probationary period with the Company. Transportation allowance: The company pays to the employee at the end of every Gregorian Month, a transportation allowance in the amount of SAR 3,750 Children from (4-18) years old, the Company will cover their education fees related to education and it shall cover the surplus of SAR 50,625/- for one child for the academic year, in maximum of three children inside and outside Saudi according to internal regulations of the Company . Annual Bonus: 25% of the annual basic salary payable as per the company bonus guidelines (paid in SAR). The employee is insured under the life insurance policy according to the internal regulations of the Company |
| End of Service Benefits: | The end of service benefit shall be calculated according to the provisions of the Saudi Labor Law |
| Annual Vacation | The employee is entitled a paid annual leave of 30 days throughout the period of this contract. The Company and the employee shall agree to determine the date of this level according to the work needs. |
| Medical Insurance | The employee and his dependents shall have a full medical coverage according to the medical insurance program of the company |
| Contract Termination | The contract shall be automatically renewed for a similar period, unless either party notified the other party with his unwillingness to renew the contract, two month at least before the expiration date of the contract, the employee may terminate his contract upon delivering a written notification of thirty days to the Company stating his resignation. |

5-6 Conflict of Interests

In accordance with Article 69 of Companies Regulations and Article 18 of Corporate Governance Regulations, a Board Member has no right, unless the General Assembly approves on an annual basis, to have any interest, direct, or indirect, in business and contracts undertaken for the account of the Company, with the exception of business conducted by public competition, where the Board Member has bid the best offer. The Board Member must inform the Board of any personal interest he has in business and contracts undertaken for the account of the Company, and such a statement must be officially recorded in the Board's Minutes of Meeting, and the Board Member with such an interest cannot vote on the decision taken thereon. The Chairman of the Board will inform the General Assembly on business and contracts on which a Board Member has a personal interest therein, and the Chairman of the Board shall attach the External Auditor's special report thereon.

In accordance with Article 70 of Companies Regulations and Article 18B of Corporate Governance Regulations, a Board Member has no right, unless the General Assembly approves on an annual basis, to participate in any act that may compete with the Company, or deal in any activity undertaken by the Company. If a Board Member is in violation of these Articles, the Company can demand compensation for such acts of the Board Member as if such acts were made for the Company's account.

In accordance with Article 71 of Companies Regulations and Article 18C of Corporate Governance Regulations, the Company cannot make a cash offer of any sort, to its Board Members, or guarantee any loans taken up by any of them. Moreover, the Chairman and members of the Board cannot vote on any decisions pertaining to their compensations and allowances.

The Company, its Board of Directors and its senior executives, hereby confirm their full compliance with the Provisions of Article 69, 70 and 71 of the Companies Regulations and Article 18 of the Corporate Governance Regulations.

5-7 Employees & Saudization

In year 2014G, the number of employees reached to 48, comprising of 15 Saudi employees and 33 non-Saudis employees with a Saudization percentage of 31%. As of 30 September 2015G, the total number of employees reached to 70 employees comprising of 26 Saudis and 44 non-Saudis employees with a Saudization percentage of 37%. The Company is continuously working on to increase its number of Saudi employees based on a proper recruiting, training, development, grading and compensation plan set to satisfactorily meet the Saudization requirements. Article 79 of the Implementing Regulations of the Cooperative Insurance Companies Control insurers require a minimum quota of Saudi employees of their employees at the end of the first year about thirty percent (30%), with the possibility of increasing this percentage annually. According to the business plan prepared by the Company which has been submitted to SAMA in order to obtain approval for a capital increase, the Company is committed to increase the Saudis staff ratio gradually in the coming years as follows: 2015 (37%), in 2016 (40%), 2017 (45%), and as the Company is newly established, the current ratio complies with SAMA requirements.

Except for what has been stated under paragraph 2.2.19 titled “Risks Related to Non-Saudi Employees” of the Risk Factors Section, the Company observes all regulations and rules related to employment of non-Saudis and all its non-Saudi employees are legally employed and they are under the Company’s sponsorship.

The following is the summary of the Company’s employee strength as of 31st December of 2014G and 30th September 2015G:

| | 31 December 2014G | | | 30 September 2015G | | |
|------------------------------|-------------------|-----------|-----------------|--------------------|-----------|-----------------|
| | Saudi | Non-Saudi | Total Employees | Saudi | Non-Saudi | Total Employees |
| Executive Management | 0 | 1 | 1 | 0 | 1 | 1 |
| Human Resources & GR | 3 | 0 | 3 | 4 | 0 | 4 |
| Operation | 3 | 7 | 10 | 5 | 14 | 19 |
| Compliance | 1 | 0 | 1 | 2 | 0 | 2 |
| Sales & Marketing | 1 | 7 | 8 | 4 | 10 | 14 |
| Technical General Ins | 3 | 4 | 7 | 5 | 6 | 11 |
| Technical Life & Medical Ins | 2 | 11 | 13 | 4 | 10 | 14 |
| Finance | 1 | 3 | 4 | 1 | 3 | 4 |
| Project Management | 1 | 0 | 1 | 1 | 0 | 1 |
| Risk Management | 0 | 0 | 0 | 0 | 0 | 0 |
| Internal Audit | 0 | 0 | 0 | 0 | 0 | 0 |
| Total | 15 | 33 | 48 | 26 | 44 | 70 |

Source: the Company

5-7-1 HR Strategy of the Company

The objective of the Company’s HR strategy is to increase the number of Saudi employees as a percentage of the total employees of the Company. The table below highlights the Saudization Plan of the Company for the next five years.

| 5 Years Saudization Plan of the Company | | | | | | | | |
|---|-------|-----------|-----------------|-------------------|----------------|--------------------|----------------|----------------------|
| | Saudi | Non-Saudi | Total Employees | Saudization Ratio | Saudi Managers | Non-Saudi Managers | Total Managers | Saudi Managers Ratio |
| 2014G (Actual) | 15 | 33 | 48 | 31% | 5 | 11 | 16 | 31% |
| 2015G as of 30 Sept 2015G | 26 | 49 | 75 | 35% | 9 | 15 | 24 | 38% |
| 2016G Projected | 38 | 57 | 95 | 40% | 12 | 16 | 28 | 43% |
| 2017G Projected | 47 | 58 | 105 | 45% | 14 | 16 | 30 | 47% |
| 2018G Projected | 58 | 58 | 116 | 50% | 18 | 17 | 35 | 51% |
| 2019G Projected | 69 | 57 | 126 | 55% | 23 | 18 | 41 | 56% |

Source: the Company

The HR strategy for Saudization is comprised of 4 key elements:

Attraction:

- Raise awareness, marketing campaigns, successes and strengths of the Company, word of mouth through our current employees
- Competitive salaries & benefits structure

Recruitment:

- Identify and recruit qualified and high performance Saudis in managerial & non managerial positions from the insurance market and other sectors using head hunters, recruitment agencies and media advertisements (newspapers, website etc.,)
- Recruit young Saudi graduates from abroad and local universities as well as co-op students

Training & Development:

- Develop one year training program for young Saudis that are recruited as fresh graduates from local, abroad or as co-op students
- Identify Saudi employees' strengths & weaknesses using evaluations programs tools, then design training programs according to their job profiles
- Build a career development & reward program on the basis of performance evaluation results

Retention:

- Recognize key factors for building employees' loyalty and their retention such as; work environment, relationship with supervisors and authorities, promotions and compensation, training and development and reward programs
- Setting managers' KPIs as such that they are evaluated on the basis of training and developing Saudi employees reporting and working for them as well as ensuring that managers' are committed in developing and retaining qualified Saudi employees

6. Management Discussion and Analysis of Financial Condition and Results of Operations

The following management discussion and analysis of financial condition and results of operations section provides an analytical review of the Company's operational performance and financial condition during the period from 29 August 2013G to 31 December 2014G as well as the first three quarters of 2015G and the corresponding period of 2014G. It is based upon, and should be read in conjunction with, the Company's audited financial statements for the period from 29 August 2013G to 31 December 2014G and the reviewed nine months period ended 30 September 2015G, and the notes thereto (the "Financial Statements"). The Company's Financial Statements for the period from 29 August 2013G to 31 December 2014G were audited by Ernst & Young and Deloitte & Touche, whereas those of the nine months period ended on 30 September 2015G were reviewed by PKF Al-Bassam & Al-Nemer and Aldar Audit Bureau. Note that the Financial Statements are included in this Prospectus.

The auditors do not themselves, nor do any of their relatives or affiliates have any shareholding or interest of any kind in the Company. The current auditors have furnished and not withdrawn their written consent to the reference in the Prospectus of their role as auditors of the Company.

Please note that the figures in this section are rounded to the nearest thousand and as such, if summed, the totals may differ to those that are stated in the audited and unaudited financial statements of the Company. Moreover, percentages are rounded to the nearest one decimal point.

This discussion and analysis may contain forward-looking statements that involve risks and uncertainties. The Company's actual results could differ materially from those indicated in any forward-looking statements as a result of various factors, including those discussed below and elsewhere in this Prospectus, particularly under Section 2, "Risk Factors".

6-1 Directors' declaration for financial information

The Board of Directors declare that:

- To the best of their knowledge and belief, the financial information presented in this section is extracted without material changes from the Financial Statements.
- The Company has sufficient funds to meet the working capital requirements for 12 months immediately following the date of the publication of this Prospectus.
- There has been no material adverse change in the financial or trading position of the Company since the commencement of commercial operations and up to 30 September 2015G, and from 30 September 2015G up to the date of this Prospectus.
- No shares of the Company are under option as at the date of this Prospectus.
- Save as disclosed herein, there are no other mortgages, rights and charges on the Company's properties as of the date of this Prospectus, except as elsewhere in this Prospectus.
- No commissions, discounts, brokerages or other non-cash compensation were granted by the Company in connection to the issue or sale of any securities since its inception and up to the date of this Prospectus.
- As per Management, the Company does not own any holdings in contractually based securities or other assets whose value may be subject to fluctuations or be difficult to ascertain with certainty or that might significantly affect the assessment of the Company's financial position.

6-1-1 Main factors affecting the results of operations

Please refer to section 2 "Risk Factors" of this prospectus for details of the critical risk factors that may affect the Company's operating results.

6-2 Significant accounting policies

6-2-1 Basis of preparation

The financial statements have been prepared on historical cost basis.

As required by Saudi Arabian insurance regulations, the Company maintains separate accounts for Insurance Operations and Shareholders' Operations. The physical custody of all assets related to the Insurance Operations and Shareholders' Operations are held by the Company. Revenues and expenses clearly attributable to either activity are recorded in the respective accounts. The basis of allocation of other revenue and expenses from joint operations is as determined by the management and Board of Directors. As per the bylaws of the Company, the deficit arising from the Insurance Operations is allocated fully to Shareholders Operations whereas any surplus arising from the Insurance Operations is distributed as follows:

| | |
|----------------|-------|
| Shareholders: | 90.0% |
| Policyholders: | 10.0% |

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS"). Accordingly, these financial statements are not intended to be a presentation in conformity with the accounting standards generally accepted in the Kingdom of Saudi Arabia, as issued by the Saudi Organization for Certified Public Accountants ("SOCPA"). The functional and presentation currency of the Company is Saudi Riyals.

Generally, the Company is not subject to seasonal or cyclical factors that may affect its financial position or results of operations.

For further insights on economic, regulatory, financial, political factors or any other factors that may have an impact on the Company's results of operations, please refer to section 2 "Risk Factors" of this prospectus.

6-2-2 Key accounting policies

6-2-2-1 Property and equipment

Property and equipment are measured at cost less accumulated depreciation and any impairment in value. Cost includes expenditure that is directly attributable to the acquisition of the assets. Expenditure for repair and maintenance is charged to the statement of insurance operations. Improvements that increase the value or materially extend the life of the related assets are capitalized. Depreciation is charged to the statement of insurance operations on a straight line basis over the estimated useful lives of the assets. The estimated useful lives of the assets for the calculation of depreciation are as follows:

| Estimated useful life of property and equipment | |
|---|---------|
| | Years |
| Leasehold improvements | 7 years |
| Computer hardware | 5 years |
| Computer software | 3 years |
| Furniture and fixtures | 7 years |
| Office equipment | 5 years |
| Motor vehicles | 5 years |

Any gain or loss on disposal of an item of property and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognized in the statement of insurance operations.

The carrying values of property and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount.

6-2-2-2 Accounts payable and accruals

Liabilities are recognized for amounts to be paid in the future for goods or services received, whether billed by the supplier or not.

6-2-2-3 Provisions

Provisions are recognized when the Company has an obligation (legal or constructive) arising from a past event, and the costs to settle the obligation are both probable and may be measured reliably. Provisions are not recognized for future operating losses.

6-2-2-4 Leases

Operating lease payments are recognized as an expense in the statement of insurance operations on a straight-line basis over the lease term.

6-2-2-5 Zakat and income tax

Zakat and income tax are provided for in accordance with Saudi Arabian fiscal regulations. Zakat and income tax are accrued and charged to the statement of shareholders' comprehensive operations.

6-2-2-6 Employees' terminal benefits

Employees' terminal benefits are accrued currently and are payable in lump sum to all employees under the terms and conditions of Saudi Labour Regulations upon termination of their employment contracts. The liability is calculated as the current value of the vested benefits to which the employee is entitled, should the employee leave at reporting date. Terminal benefits payments are based on employees' final salaries and allowances and their cumulative years of service, as defined by Saudi Arabian Labour Law.

6-2-2-7 Cash and cash equivalents

Cash and cash equivalents for the purposes of statement of shareholders' cash flows comprise of cash at banks and short-term deposits, if any, with an original maturity of ninety days or less from the date of acquisition.

6-2-2-8 Revenue recognition (recognition of premiums and commissions)

Premiums and commissions are taken into the statement of insurance operations over the terms of the policies to which they relate on a pro-rata basis, so that the revenue is recognized over the period of the risk. Unearned premiums represent the portion of premiums written relating to the unexpired period of coverage. The change in the provision for unearned premiums is taken to the statement of insurance operations, over the period of risk.

Retained premiums and commission income, which relate to unexpired risks beyond the end of the financial period, are reported as unearned and deferred based on the actual number of days for other lines of business.

The underwriting results represent premiums earned, fee and commission income earned less claims paid, other underwriting expenses and anticipated claims payable in respect of the period, net of amounts subject to reinsurance, less provision for any anticipated future losses on continuing policies.

6-2-2-9 Special commission income

Special commission income on short-term and time deposits is accrued on an effective yield basis.

6-2-2-10 Insurance contract

Insurance contracts are defined as those containing significant insurance risk at the inception of the contract or those where at the inception of the contract there is a scenario with commercial substance where the level of insurance risk may be significant. The significance of insurance risk is dependent on both the probability of an insured event and the magnitude of its potential effect.

Once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its lifetime, even if the insurance risk reduces significantly during this period.

6-2-2-11 Claims

Claims consist of amounts payable to policy holders and third parties and related loss adjustment expenses, net of salvage and other recoveries and are charged to statement of insurance operations. Gross outstanding claims comprise gross estimated cost of claims incurred but not settled at the reporting date, whether reported or not. Provisions for reported claims not paid as of the financial reporting date are made on the basis of individual case estimates. The Company does not discount its liabilities for unpaid claims as substantially all claims are expected to be paid within one year of the financial reporting date.

6-2-2-12 Outstanding claims and other technical reserves

The Company generally estimates its claims based on previous experience. In addition a provision based on management's judgment is maintained for the cost of settling claims "incurred but not reported" and "unallocated loss adjustment expense reserve" at the reporting date. Any difference between the provisions at the balance sheet date and settlements and provisions for the following period is included in the underwriting account for that period. The Company acquires services of an independent actuary to determine such claims.

The outstanding claims are shown on a gross basis and the related share of the reinsurers is shown separately.

The estimation of the ultimate liability arising from claims made under insurance contracts is the Company's most critical accounting estimate. There are several sources of uncertainty that need to be considered in estimating the liability that the Company will ultimately pay for such claims. The provision for claims incurred but not reported is an estimation of claims which are expected to be reported subsequent to the end of financial reporting period, for which the insured event has occurred prior to the end of the financial reporting period.

6-2-2-13 Deferred policy acquisition cost

Commissions and other costs directly related to the acquisition and renewal of insurance contracts are deferred and amortized over the terms of the insurance contracts to which they relate as premiums are earned. Amortization is recorded in the "statement of insurance operations".

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

An impairment review is performed at each financial reporting date or more frequently when an indication of impairment arises. When the recoverable amounts are less than the carrying value, an impairment loss is recognized in the statement of insurance operations. Deferred policy acquisition cost is also considered in the liability adequacy test for each financial reporting period.

6-2-2-14 Reinsurance

The Company cedes insurance risk in the normal course of business for all of its businesses under which the Company is compensated for losses on insurance contracts issued. Reinsurance assets represent balances due from reinsurance companies. Recoverable amounts are estimated in a manner consistent with the outstanding claims provision and are in accordance with the reinsurance contract.

An impairment review is performed at each reporting date or more frequently when an indication of impairment arises during the reporting period. Impairment occurs when objective evidence exists that the Company may not recover outstanding amounts under the terms of the contract and when the impact on the amounts that the Company will receive from the reinsurer can be measured reliably. The impairment loss is recorded in the statement of insurance operations.

Ceded reinsurance arrangements do not relieve the Company from its obligations to policyholders. Premiums and claims on assumed reinsurance are recognized as income and expenses in the same manner as they would be if the reinsurance were considered direct business, taking into account the product classification of the reinsured business.

Reinsurance liabilities represent balances due to reinsurance companies. Amounts payable are estimated in a manner consistent with the associated reinsurance contract. Premiums and claims are presented on a gross basis for both ceded and assumed reinsurance. Reinsurance assets or liabilities are derecognized when the contractual rights are extinguished or expire or when the contract is transferred to another party.

6-2-2-15 Liquidity adequacy test

At each reporting date the Company assesses whether its recognized insurance liabilities are adequate using current estimates of future cash flows under its insurance contracts. If that assessment shows that the carrying amount of its insurance liabilities (less related deferred policy acquisition costs) is inadequate in light of estimated future cash flows, the entire deficiency is immediately recognized in the statement of insurance operations and an unexpired risk provision is created. The Company does not discount its liability for unpaid claims as all claims are substantially expected to be paid within one year of the reporting date.

6-2-2-16 Expenses

Expenses are recognized when a decrease in future economic benefits related to a decrease in an asset or an increase in a liability has arisen and can be measured reliably.

6-2-2-17 Foreign currencies

Transactions in foreign currencies are recorded at the exchange rate ruling at the date of transaction. Monetary assets and liabilities denominated in foreign currencies at the statement of financial position date are retranslated at the rates of exchange ruling as at the statement of financial position date. All differences are taken to the statement of shareholders' comprehensive operations. Foreign exchange gains or losses on available for sale investments are recognized in the statement of shareholders' comprehensive operations.

6-2-2-18 Statutory reserve

In accordance with its Articles of Association, the Company shall allocate 20.0% of its net income of each year to a statutory reserve until it has built-up a reserve equal to the share capital.

6-2-2-19 Impairment and uncollectibility of financial assets

An assessment is made at each financial reporting date to determine whether there is objective evidence that a specific financial asset or group of financial assets may be impaired. If such evidence exists, the estimated recoverable amount of that asset is determined and any impairment loss, based on the net present value of future anticipated cash flows, is recognized in the statement of shareholders' comprehensive operations. When a financial asset is uncollectible, it is written off against the related provision for impairment. Financial assets are written off only in circumstances where all possible means of recovery have been effectively exhausted, and the amount of the loss has been determined.

Impairment is determined as follows:

- For assets carried at fair value, impairment is the difference between cost and fair value, less any impairment loss previously recognized in the statement of shareholders' comprehensive operations.
- For assets carried at cost, impairment is the difference between carrying value and the present value of future cash flows discounted at the current market rate of return for a similar financial asset.

6-2-2-20 Offsetting

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position only when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously. Income and expense are not offset in the statement of insurance or shareholders' comprehensive operations unless required or permitted by an accounting standard or interpretation, as specifically disclosed in the accounting policies of the Company.

6-2-2-21 Derecognition of financial instruments

The derecognition of a financial instrument takes place when the Company no longer controls the contractual rights that comprise the financial instrument, which is normally the case when the instrument is sold, or all the cash flows attributable to the instrument are passed through to an independent third party.

6-2-2-22 Fair values

The fair value of financial assets that are actively traded in organized financial markets is determined by reference to quoted market bid prices for assets and offer prices for liabilities, at the close of business on the statement of financial position date. If quoted market prices are not available, reference is also made to broker or dealer price quotations.

For financial assets where there is no active market, fair value is determined by using valuation techniques. Such techniques include using recent arm's length transactions, reference to the current market value of another instrument which is substantially the same and/or discounted cash flow analysis. For discounted cash flow techniques, estimated future cash flows are based on management's best estimates and the discount rate used is a market-based rate for similar assets.

6-2-2-23 Segment reporting

An operating segment is a component of the Company that is engaged in business activities from which it earns revenues and incur expenses and about which discrete financial information is available that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Chief Executive Officer that makes strategic decisions.

6-2-2-24 Going concern

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

6-2-2-25 Judgments

The preparation of the Company's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

6-3 Results of operations

6-3-1 Statement of insurance operations and accumulated surplus

The following table presents the Company's statement of insurance operations and accumulated surplus during the period from 29 August 2013G to 31 December 2014G as well as the first three quarters of 2014G and 2015G.

Table 6.1: Statement of insurance operations and accumulated surplus

| SAR in 000's | Audited | Unaudited | Unaudited | Increase/ (Decrease) |
|--|--|------------------------------------|------------------------------------|--|
| | 29 August 2013G to 31 December 2014G | 1 January to 30 September 2014G | 1 January to 30 September 2015G | Δ nine months 2014G to nine months 2015G |
| Gross written premiums | 5,741 | 1,988 | 111,109 | 5,488.3% |
| Reinsurance premium ceded | (4,108) | (1,297) | (42,519) | 3,177.6% |
| Excess of loss premiums | - | - | (290) | 100.0% |
| Net written premiums | 1,633 | 691 | 68,299 | 9,784.5% |
| Net changes in unearned premiums | (1,335) | (561) | (57,018) | 10,062.3% |
| Net earned premiums | 299 | 130 | 11,281 | 8,584.9% |
| Reinsurance commission earned | 172 | 34 | 2,663 | 7,846.2% |
| Other underwriting income | 1 | - | 1,059 | 100.0% |
| Underwriting revenue | 471 | 163 | 15,003 | 9,081.2% |
| Gross claims paid | - | - | (19,821) | 100.0% |
| Reinsurers' share of claims paid | - | - | 16,864 | 100.0% |
| Net claims paid | - | - | (2,957) | 100.0% |
| Net changes in outstanding claims | (288) | (97) | (6,469) | 6,540.3% |
| Net claims incurred | (288) | (97) | (9,426) | 9,575.9% |
| Commissions incurred | (137) | (35) | (1,948) | 5,394.3% |
| Other direct underwriting expenses | (38) | (10) | (447) | 4,391.5% |
| Doubtful debt expense | (91) | (77) | (1,446) | 1,776.7% |
| Underwriting expenses | (554) | (220) | (13,267) | 5,933.8% |
| Underwriting results | (82) | (56) | 1,735 | (3,172.5%) |
| General and administration expenses | (20,203) | (12,550) | (25,036) | 99.5% |
| Net deficit from insurance operations | (20,286) | (12,607) | (23,301) | 84.8% |
| Shareholders' appropriation from deficit | 20,286 | 12,607 | 23,301 | 84.8% |
| Net result for the period | - | - | - | - |
| Key performance indicators | | | | |
| Loss ratio | 96.2% | 75.0% | 76.4% | |
| Expense ratio | 6,786.7% | 9,730.5% | 212.4% | |
| Combined ratio | 6,882.9% | 9,805.5% | 288.8% | |
| Reinsurance cession ratio | 71.6% | 65.2% | 38.3% | |

Source: Financial statements

Note: The Company changed its statutory auditors in 2015G. The new auditors adopted different classifications for certain line items. To maintain like-for-like comparison, certain line items (where applicable) presented in 2014G's audited financial statements were reclassified in line with 2015G's classifications.

6-3-1-1 Underwriting revenue

The Company commenced its insurance business in April 2014G whilst the first policy was written in May 2014G. Between 2014G and the nine months period ended 30 September 2015G, the Company's total underwriting revenue grew from SAR 0.5 million to SAR 15.0 million. The growth in underwriting revenue was mainly driven by an overall growth in the portfolio of insurance operations, particularly in the health and engineering lines of business.

Growth in gross written premiums was also the driver for the overall increase in underwriting revenue during the nine months period ended 30 September 2015G. Total gross written premiums grew to SAR 111.1 million during the nine months period ended 30 September 2015G.

6-3-1-2 Gross written premiums

The following table presents the gross premiums written per line of business during the period from 29 August 2013G to 31 December 2014G and the nine months' periods ended 30 September 2014G and 2015G.

Table 6.2 Gross written premiums

| SAR'000 | 29 August 2013G to 31 December 2014G | 1 January to 30 September 2014G | 1 January to 30 September 2015G | Δ nine months 2014G to nine months 2015G |
|-------------------------------------|--|---------------------------------------|---------------------------------------|--|
| Accident and liability | 2,343 | 553 | 5,130 | 827.5% |
| Property | 719 | 172 | 3,288 | 1,807.2% |
| Marine | - | - | 1,197 | na |
| Engineering | 316 | 35 | 23,874 | 68,111.2% |
| Other general insurance | 1,388 | 1,228 | 920 | -25.1% |
| Health insurance | 974 | - | 62,932 | na |
| Protection & savings | - | - | 13,767 | na |
| Total gross premiums written | 5,741 | 1,988 | 111,109 | 5,488.3% |
| As a percentage of total | | | | |
| Accident and liability | 40.8% | 27.8% | 4.6% | |
| Property | 12.5% | 8.7% | 3.0% | |
| Marine | 0.0% | 0.0% | 1.1% | |
| Engineering | 5.5% | 1.8% | 21.5% | |
| Other general insurance | 24.2% | 61.7% | 0.8% | |
| Health insurance | 17.0% | 0.0% | 56.6% | |
| Protection & savings | 0.0% | 0.0% | 12.4% | |
| Total | 100.0% | 100.0% | 100.0% | |

Source: Financial Statements

The Company reported gross written premiums of SAR 5.7 million in 2014G, which were generated from 84 general and health insurance policies. On the other hand, the Company's portfolio grew to a policy count of 287 general and health policies as well as 1,355 protection and savings' policies (i.e., total policy count of 1,642) in the nine months period ended 30 September 2015G. This portfolio growth yielded gross written premiums of SAR 111.1 million in the first three quarters of 2015G.

The growth in gross written premiums was largely driven by the acquisition of key health and engineering accounts. Combined, the health and engineering gross written premiums accounted for 78.1% of total gross written premium in the first three quarters of 2015G.

The increase in gross written premiums of the health insurance segment was predominantly on account of a compulsory group medical policy issued to the Arab National Bank. This key account generated a gross written premium of SAR 51.4 million.

This was supplemented by another new major policy in the form of a 'contractor's all risk' policy issued to the Saudi Electricity Company under the engineering line of business in the first three quarters of 2015G. The term of this policy is three years whereas the gross written premium stood at SAR 21.6 million.

The following table presents the contribution of different sales' channels to total gross written premiums during the period from 29 August 2013G to 31 December 2014G and the nine months' periods ended 30 September 2014G and 2015G.

Table 6.3: Gross written premiums by sales channel

| SAR'000 | 29 August 2013G to 31 December 2014G | 1 January to 30 September 2014G | 1 January to 30 September 2015G |
|--|--------------------------------------|---------------------------------|---------------------------------|
| Bancassurance | 192 | 176 | 56,405 |
| Brokers | 3,850 | 1,247 | 41,331 |
| Direct business | 1,699 | 565 | 5,031 |
| MetLife protection & savings portfolio | - | - | 8,342 |
| Total | 5,741 | 1,988 | 111,109 |
| As a percentage of total | | | |
| Bancassurance | 3.3% | 8.9% | 50.8% |
| Brokers | 67.1% | 62.7% | 37.2% |
| Direct business | 29.6% | 28.4% | 4.5% |
| MetLife protection & savings portfolio | 0.0% | 0.0% | 7.5% |
| Total | 100.0% | 100.0% | 100.0% |

Source: Company

Overall, the Company's gross written premiums were primarily originated from the bancassurance channel (through the Arab National Bank) and policy acquisitions via brokers. Combined, these two channels constituted 88.0% of total gross written premiums in the first three quarters of 2015G. Note that the group medical policy in respect of the Arab National Bank was acquired through the bancassurance channel.

Gross written premiums through brokers represented 67.1% and 37.2% of total gross written premiums during 2014G and the nine months period ended 30 September 2015G respectively.

The increase in gross written premiums originated from the bancassurance channel between 2014G and the nine months period ended 30 September 2015G was largely driven by the Arab National Bank group medical policy, which contributed SAR 51.4 million to total premiums reported during the first three quarters of 2015G.

Gross written premiums generated through brokers were largely attributed to the 'contractors all-risk' policy issued to the Saudi Electricity Company with a gross written premium of SAR 21.6 million. Gross written premiums in connection to this policy represented 52.3% of total gross written premiums generated through brokers in the nine months period ended 30 September 2015G.

On the other hand, the increase in direct gross written premiums stems from the overall growth in the scale of insurance operations during the nine months period ended 30 September 2015G.

6-3-1-3 Reinsurance premiums ceded

The following tables presents reinsurance premiums ceded (proportional and excess of loss reinsurance premiums) per line of business during the period from 29 August 2013G to 31 December 2014G and the nine months' periods ended 30 September 2014G and 2015G.

Table 6.4: Ceded premiums on proportional basis

| SAR'000 | 29 August 2013G to 31 December 2014G | 1 January to 30 September 2014G | 1 January to 30 September 2015G | Δ nine months 2014G to nine months 2015G |
|---------------------------------|--|---------------------------------------|---------------------------------------|--|
| Accident and liability | 2,166 | 477 | 3,690 | 673.2% |
| Property | 716 | 170 | 3,261 | 1,817.5% |
| Marine | - | - | 1,018 | na |
| Engineering | 314 | 35 | 23,855 | 68,570.5% |
| Other general insurance | 895 | 615 | 100 | -83.8% |
| Health insurance | 16 | - | 1,824 | na |
| Protection & savings | - | - | 8,772 | na |
| Total premium ceded | 4,108 | 1,297 | 42,519 | 3,177.6% |
| <i>As a percentage of total</i> | | | | |
| Accident and liability | 52.7% | 36.8% | 8.7% | |
| Property | 17.4% | 13.1% | 7.7% | |
| Marine | 0.0% | 0.0% | 2.4% | |
| Engineering | 7.6% | 2.7% | 56.1% | |
| Other general insurance | 21.8% | 47.4% | 0.2% | |
| Health insurance | 0.4% | 0.0% | 4.3% | |
| Protection & savings | 0.0% | 0.0% | 20.6% | |
| Total | 100.0% | 100.0% | 100.0% | |

Source: Company

Table 6.5: Ceded premiums on excess of loss ("XOL") basis

| SAR'000 | 29 August 2013G to 31 December 2014G | 1 January to 30 September 2014G | 1 January to 30 September 2015G | Δ nine months 2014G to nine months 2015G |
|---------------------------------|--|---------------------------------------|---------------------------------------|--|
| Accident and liability | - | - | 101 | na |
| Property | - | - | 3 | na |
| Marine | - | - | 4 | na |
| Other general insurance | - | - | 181 | na |
| Total XOL premium | - | - | 290 | na |
| <i>As a percentage of total</i> | | | | |
| Accident and liability | na | na | 34.9% | |
| Property | na | na | 1.1% | |
| Marine | na | na | 1.5% | |
| Other general insurance | na | na | 62.5% | |
| Total | na | na | 100.0% | |

Source: Company

The Company's reinsurance program is based on a combination of proportional and non-proportional (i.e., excess of loss) treaties complemented by facultative protection (i.e., case-by-case further protection on proportional basis). The following table depicts the breakdown of ceded premiums by type of reinsurance arrangement.

Table 6.6: Ceded premiums by type of reinsurance arrangement

| SAR'000 | 29 August 2013G to 31 December 2014G | 1 January to 30 September 2014G | 1 January to 30 September 2015G | Δ nine months 2014G to nine months 2015G |
|---|--------------------------------------|---------------------------------|---------------------------------|--|
| Proportional (treaties and facultative) | 4,108 | 1,297 | 42,519 | 3,177.6% |
| Excess of loss | - | - | 290 | na |
| Total ceded premiums | 4,108 | 1,297 | 42,809 | 3,200.0% |
| As a percentage of total | | | | |
| Proportional (treaties and facultative) | 100.0% | 100.0% | 99.3% | |
| Excess of loss | - | - | 0.7% | |
| Total | 100.0% | 100.0% | 100.0% | |

Source: Company

Between 2014G and the nine months period ended 30 September 2015G, ceded premiums increased from SAR 4.1 million to SAR 42.5 million. The increase in ceded premiums was largely attributed to the overall increase in the volume of written policies during the nine months period ended 30 September 2015G.

Ceded premiums in the first nine months of 2015G were largely in connection to the engineering and the protection & savings' segments. Ceded premiums under these segments represented 76.7% of total ceded premiums (excluding excess of loss premiums). The higher common size of engineering ceded premiums stems from the high-risk nature of policies under this insurance segment. However, the increase in cessions of the protection & savings' segment is on account of the portfolio transfer vide the 'Portfolio Transfer Agreement' with MetLife effective 1 April 2015G. This run-off business is entirely ceded under a 100.0% reinsurance arrangement with MetLife. The amount of ceded premiums related to this transferred portfolio during the period from 1 April 2015 to 30 September 2015 amounted to SAR 8.3 million.

Premiums ceded under the excess of loss reinsurance arrangement were primarily related to the accident & liability and other general insurance segments.

The following table presents cession ratios per line of business during the period from 29 August 2013G to 31 December 2014G and the nine months' periods ended 30 September 2014G and 2015G.

Table 6.7: Cession ratio

| Percentage | 29 August 2013G to 31 December 2014G | 1 January to 30 September 2014G | 1 January to 30 September 2015G |
|-------------------------|--------------------------------------|---------------------------------|---------------------------------|
| Accident and liability | 92.5% | 86.3% | 71.9% |
| Property | 99.6% | 98.6% | 99.2% |
| Marine | na | na | 85.0% |
| Engineering | 99.2% | 99.3% | 99.9% |
| Other general insurance | 64.5% | 50.1% | 10.8% |
| Health insurance | 1.6% | na | 2.9% |
| Protection & savings | na | na | 63.7% |
| Total | 71.6% | 65.2% | 38.3% |

Source: Company

The overall cession ratio declined from 71.6% in 2014G to 38.3% in the nine months period ended 30 September 2015G. The cession ratio stood at 65.2% during the nine months period ended 30 September 2014G. The decline in cession ratio was primarily driven by the growth in gross written premiums and relatively low cessions under the health segment. Lower cessions in respect of the health segment were mainly garnered through the 100.0% retention of premiums linked to the Arab National Bank's group medical policy.

The property (99.2%), engineering (99.9%) and marine (85.0%) segments held the highest cession ratios during the nine months period ended 30 September 2015G. The relatively higher cession ratios under these segments is on account of the high-risk nature of such insurance policies.

The following table presents net written premiums per line of business during the period from 29 August 2013G to 31 December 2014G and the nine months' periods ended 30 September 2014G and 2015G.

Table 6.8: Net written premium

| SAR'000 | 29 August 2013G to 31 December 2014G | 1 January to 30 September 2014G | 1 January to 30 September 2015G | Δ nine months 2014G to nine months 2015G |
|----------------------------------|--|---------------------------------------|---------------------------------------|--|
| Accident and liability | 177 | 76 | 1,339 | 1,663.4% |
| Property | 3 | 2 | 24 | 932.3% |
| Marine | - | - | 175 | na |
| Engineering | 2 | 0 | 19 | 7,216.0% |
| Other general insurance | 493 | 612 | 639 | 4.3% |
| Health insurance | 958 | - | 61,108 | na |
| Protection & savings | - | - | 4,994 | na |
| Total net written premium | 1,633 | 691 | 68,299 | 9,784.5% |
| As a percentage of total | | | | |
| Accident and liability | 10.8% | 11.0% | 2.0% | |
| Property | 0.2% | 0.3% | 0.0% | |
| Marine | 0.0% | 0.0% | 0.3% | |
| Engineering | 0.1% | 0.0% | 0.0% | |
| Other general insurance | 30.2% | 88.6% | 0.9% | |
| Health insurance | 58.7% | 0.0% | 89.5% | |
| Protection & savings | 0.0% | 0.0% | 7.3% | |
| Total | 100.0% | 100.0% | 100.0% | |

Source: Company

Net written premiums increased from SAR 0.7 million in the nine months period ended 30 September 2014G to SAR 68.3 million in the nine months period ended 30 September 2015G in light of the overall growth in gross written premiums coupled with the increased in the gross written premium retention rate from 34.8% in the nine months period ended 30 September 2014G to 61.5% in the nine months period ended 30 September 2015G. The increase in the overall retention rate was driven by the increase in gross health written premiums, which were subject to a retention rate of 97.1% during the nine months period ended 30 September 2015G. Note that net written health premiums constituted 89.5% of total net written premiums.

6-3-1-4 Changes in net unearned premium

Changes in net unearned premiums represent the difference between gross written premiums and earned premiums (i.e., per the revenue recognition policy of the Company) during the year.

Due to the overall growth in the scale of insurance operations, unearned premiums increased resulting in negative changes in unearned premiums during the nine months period ended 30 September 2015G. This increase in unearned premiums was mainly linked to the Arab National Bank's group medical policy as this policy was entered into during September 2015G, whilst a significant portion of its respective gross written premium (SAR 49.4 million) remained unearned as at 30 September 2015G.

6-3-1-5 Net earned premiums

The following table presents net earned premiums per line of business during the period from 29 August 2013G to 31 December 2014G and the nine months' periods ended 30 September 2014G and 2015G.

Table 6.9: Net earned premium

| SAR'000 | 29 August 2013G to 31 December 2014G | 1 January to 30 September 2014G | 1 January to 30 September 2015G | Δ nine months 2014G to nine months 2015G |
|---------------------------------|--|---------------------------------------|---------------------------------------|--|
| Accident and liability | 46 | 15 | 738 | 4,881.1% |
| Property | 1 | 1 | 13 | 1,755.8% |
| Marine | - | - | 98 | na |
| Engineering | 0 | 0 | 3 | 20,813.3% |
| Other general insurance | 172 | 114 | 368 | 221.7% |
| Health insurance | 79 | - | 7,195 | na |
| Protection & savings | - | - | 2,865 | na |
| Total net earned premium | 299 | 130 | 11,281 | 8,584.9% |
| As a percentage of total | | | | |
| Accident and liability | 15.4% | 11.4% | 6.5% | |
| Property | 0.4% | 0.6% | 0.1% | |
| Marine | 0.0% | 0.0% | 0.9% | |
| Engineering | 0.0% | 0.0% | 0.0% | |
| Other general insurance | 57.8% | 88.0% | 3.3% | |
| Health insurance | 26.4% | 0.0% | 63.8% | |
| Protection & savings | 0.0% | 0.0% | 25.4% | |
| Total | 100.0% | 100.0% | 100.0% | |

Source: Company

Net earned premiums increased from SAR 0.3 million in 2014G to SAR 11.2 million in the nine months period ended 30 September 2015G. Net earned premium amounted to SAR 0.1 million in the nine months period ended 30 September 2014G. The increase was largely attributed to the health and protection & savings' segment. The combined net earned premium under these two segments represented 89.2% of total net earned premiums. Note that the increase in net health earned premiums was predominantly driven by a relatively large policy (group medical policy in connection to the Arab National Bank).

6-3-1-6 Reinsurance commissions earned

Reinsurance commissions received are relate to commissions received for ceding gross written premiums with reinsurers and are amortized throughout the lifecycle / term of the respective policies, in accordance with the rates agreed at the time of the placement of reinsurance treaties.

The following table presents reinsurance commissions earned per line of business during the period from 29 August 2013G to 31 December 2014G and the nine months' periods ended 30 September 2014G and 2015G.

Table 6.10: Reinsurance commissions earned

| SAR'000 | 29 August 2013G to 31 December 2014G | 1 January to 30 September 2014G | 1 January to 30 September 2015G | Δ nine months 2014G to nine months 2015G |
|---|---|---------------------------------------|---------------------------------------|--|
| Accident and liability | 123 | 28 | 531 | 1,800.6% |
| Property | 48 | 5 | 560 | 11,112.6% |
| Marine | - | - | 125 | na |
| Engineering | 0 | 1 | 252 | 41,830.9% |
| Other general insurance | - | - | 41 | na |
| Health insurance | 1 | - | 195 | na |
| Protection & savings | - | - | 959 | na |
| Total reinsurance commissions earned | 172 | 34 | 2,663 | 7,846.2% |
| As a percentage of total | | | | |
| Accident and liability | 71.5% | 83.3% | 19.9% | |
| Property | 27.8% | 14.9% | 21.0% | |
| Marine | 0.0% | 0.0% | 4.7% | |
| Engineering | 0.3% | 1.8% | 9.5% | |
| Other general insurance | 0.0% | 0.0% | 1.5% | |
| Health insurance | 0.4% | 0.0% | 7.3% | |
| Protection & savings | 0.0% | 0.0% | 36.0% | |
| Total | 100.0% | 100.0% | 100.0% | |

Source: Company

Reinsurance commissions earned increased from SAR 0.2 million in 2014G to SAR 2.7 million in the nine months period ended 30 September 2015G. Reinsurance commissions earned amounted to SAR 33.5 thousands during the first three quarters of 2014G. The increase in commissions earned largely corresponds to the overall growth in the level of insurance business during the first three quarters of 2015G.

Reinsurance commissions earned were principally related to the accident & liability, property, and protection & savings segments. The higher concentration of reinsurance commissions under the accident & liability segment as well as the property segment was mainly due to the high-risk nature of policies therein, which necessitate reinsurance protective cover.

Reinsurance commissions in connection to the protection & savings segment accounted for 36.0%, mainly due to the fact that this segment predominantly concentrated in the run-off business transferred as part of the 'Portfolio Transfer Agreement' with MetLife. This run-off business is entirely ceded under a 100.0% reinsurance arrangement, hence the high commission yield.

6-3-1-7 Other income, net

Other underwriting income increased from SAR 500 in 2014G to SAR 1.1 million in the nine months period ended 30 September 2015G. Other underwriting income in the nine months period ended 30 September 2015G was linked to motor and protection & savings insurance segments.

Other underwriting income of the motor segment represents the Company's share in income under the Manafeth agreement.

Other underwriting income in respect of the protection and savings segment was associated with the admin fees paid by MetLife to the Company for the administrative of the protection and savings portfolio per terms of the 'Portfolio Transfer Agreement'.

6-3-1-8 Costs and expenses

The following table presents the Company's costs and expenses during the period from 29 August 2013G to 31 December 2014G and the nine months' periods ended 30 September 2014G and 2015G.

Table 6.11: Costs and expenses

| SAR'000 | 29 August 2013G to 31 December 2014G | 1 January to 30 September 2014G | 1 January to 30 September 2015G | Δ nine months 2014G to nine months 2015G |
|-------------------------------------|--------------------------------------|---------------------------------|---------------------------------|--|
| Net claims incurred | 288 | 97 | 9,426 | 9,575.9% |
| Commissions incurred | 137 | 35 | 1,948 | 5,394.3% |
| Other direct underwriting expenses | 38 | 10 | 447 | 4,391.5% |
| Doubtful debt expense | 91 | 77 | 1,446 | 1,776.7% |
| Underwriting expenses | 554 | 220 | 13,267 | 5,933.8% |
| General and administration expenses | 20,203 | 12,550 | 25,036 | 99.5% |
| Total costs and expenses | 20,757 | 12,770 | 38,303 | 199.9% |

Source: Company

Costs and expenses comprise claims incurred, policy acquisition costs as well as general and administrative expenses.

Costs and expenses increased from SAR 20.8 million in 2014G to SAR 38.3 million during the nine months period ended 30 September 2015G. Cost and expenses during the corresponding nine months period ended 30 September 2014G amounted to SAR 12.7 million. The overall increase in costs and expenses was primarily on account of the increase in underwriting expenses during the nine months period ended 30 September 2015G. The increase in underwriting expenses, however, was driven by the overall growth in the level insurance operations during the first three quarters of 2015G.

6-3-1-9 Gross claims paid

The following table presents gross claims paid per line of business during the period from 29 August 2013G to 31 December 2014G and the nine months' periods ended 30 September 2014G and 2015G.

Table 6.12: Gross claims paid

| SAR'000 | 29 August 2013G to 31 December 2014G | 1 January to 30 September 2014G | 1 January to 30 September 2015G | Δ nine months 2014G to nine months 2015G |
|---------------------------------|--------------------------------------|---------------------------------|---------------------------------|--|
| Accident and liability | - | - | 301 | na |
| Property | - | - | 21 | na |
| Marine | - | - | - | na |
| Engineering | - | - | - | na |
| Other general insurance | - | - | - | na |
| Health insurance | - | - | 2,069 | na |
| Protection & savings | - | - | 17,430 | na |
| Total gross claims paid | - | - | 19,821 | na |
| As a percentage of total | | | | |
| Accident and liability | na | na | 1.5% | |
| Property | na | na | 0.1% | |
| Marine | na | na | 0.0% | |

| SAR'000 | 29 August 2013G to 31 December 2014G | 1 January to 30 September 2014G | 1 January to 30 September 2015G | Δ nine months 2014G to nine months 2015G |
|-------------------------|--|---------------------------------------|---------------------------------------|--|
| Engineering | na | na | 0.0% | |
| Other general insurance | na | na | 0.0% | |
| Health insurance | na | na | 10.4% | |
| Protection & savings | na | na | 87.9% | |
| Total | | | 100.0% | |

Source: Company

There were virtually no claims paid during the period from 29 August 2013G to 31 December 2014G as the Company was in the preliminary phase of undertaking insurance operations. Gross claims paid increased to SAR 19.8 million due to an overall growth in insurance operations.

During the nine months period ended 30 September 2015G, gross claims paid under the protection & savings segment formed 87.9% of total gross claims paid. These claims were largely attributed to the run-off business transferred from MetLife as part of the 'Portfolio Transfer Agreement'.

6-3-1-10 Reinsurers' share of claims paid

The following table presents the reinsurers' share of gross claims paid per line of business during the period from 29 August 2013G to 31 December 2014G and the nine months' periods ended 30 September 2014G and 2015G.

Table 6.13: Reinsurers' share of claims paid

| SAR'000 | 29 August 2013G to 31 December 2014G | 1 January to 30 September 2014G | 1 January to 30 September 2015G | Δ nine months 2014G to nine months 2015G |
|----------------------------------|--|---------------------------------------|---------------------------------------|--|
| Accident and liability | - | - | 300 | na |
| Property | - | - | 21 | na |
| Marine | - | - | - | na |
| Engineering | - | - | - | na |
| Other general insurance | - | - | - | na |
| Health insurance | - | - | 489 | na |
| Protection & savings | - | - | 16,053 | na |
| Total net written premium | - | - | 16,864 | na |
| As a percentage of total | | | | |
| Accident and liability | na | Na | 1.8% | |
| Property | na | Na | 0.1% | |
| Marine | na | Na | 0.0% | |
| Engineering | na | Na | 0.0% | |
| Other general insurance | na | Na | 0.0% | |
| Health insurance | na | Na | 2.9% | |
| Protection & savings | na | Na | 95.2% | |
| Total | | | 100.0% | |

Source: Company

Growth in reinsurers' share of claims paid was driven by the overall growth in gross claims paid during the nine months period ended 30 September 2015G.

The health segment exhibited the lowest reinsurers' share of claims paid. This is on account of the Company's strategy to retain a high portion of health gross written premiums whilst carefully selecting bearable risks. On the other hand, 99.9% and 99.5% of accident & liability and property claims paid, respectively, were borne by reinsurers during the nine months period ended 30 September 2015G. Reinsurers' share of protection & savings' claims paid stood at 92.1% during the nine months period ended 30 September 2015G.

The following table presents net claims paid per line of business during the period from 29 August 2013G to 31 December 2014G and the nine months' periods ended 30 September 2014G and 2015G.

Table 6.13: Net claims paid

| SAR'000 | 29 August 2013G to 31 December 2014G | 1 January to 30 September 2014G | 1 January to 30 September 2015G | Δ nine months 2014G to nine months 2015G |
|---------------------------------|--------------------------------------|---------------------------------|---------------------------------|--|
| Accident and liability | - | - | 0 | na |
| Property | - | - | 0 | na |
| Marine | - | - | - | na |
| Engineering | - | - | - | na |
| Other general insurance | - | - | - | na |
| Health insurance | - | - | 1,580 | na |
| Protection & savings | - | - | 1,377 | na |
| Total net claims paid | - | - | 2,957 | na |
| As a percentage of total | | | | |
| Accident and liability | na | na | 0.0% | |
| Property | na | na | 0.0% | |
| Marine | na | na | 0.0% | |
| Engineering | na | na | 0.0% | |
| Other general insurance | na | na | 0.0% | |
| Health insurance | na | na | 53.4% | |
| Protection & savings | na | na | 46.6% | |
| Total | | | 100.0% | |

Source: Company

Net claims paid were predominantly attributable to the health and protection & savings' segments. The combined common size of the net health and protection & savings' claims paid constituted approximately 100.0% of total net claims paid. This is in view of the fact that the health segment is subject to relatively lower cession rates whilst certain insurance product categories of the Company's protection & savings portfolio are also subject to low cession rates.

6-3-1-11 Change in net outstanding claims

The following table presents changes in net outstanding claims per line of business during the period from 29 August 2013G to 31 December 2014G and the nine months' periods ended 30 September 2014G and 2015G.

Table 6.14: Change in net outstanding claims

| SAR'000 | 29 August 2013G to 31 December 2014G | 1 January to 30 September 2014G | 1 January to 30 September 2015G | Δ nine months 2014G to nine months 2015G |
|-------------------------|--------------------------------------|---------------------------------|---------------------------------|--|
| Accident and liability | 44 | 11 | 626 | 5,535.8% |
| Property | 1 | 1 | 12 | 2,097.6% |
| Marine | - | - | 80 | na |
| Engineering | 0 | 0 | 2 | na |
| Other general insurance | 181 | 86 | 392 | 356.8% |
| Health insurance | 62 | - | 4,406 | na |
| Protection & savings | - | - | 951 | na |

| SAR'000 | 29 August 2013G to 31 December 2014G | 1 January to 30 September 2014G | 1 January to 30 September 2015G | Δ nine months 2014G to nine months 2015G |
|--------------------------|--------------------------------------|---------------------------------|---------------------------------|--|
| Total net claims paid | 288 | 97 | 6,469 | 6,540.4% |
| As a percentage of total | | | | |
| Accident and liability | 15.1% | 11.4% | 9.7% | |
| Property | 0.4% | 0.6% | 0.2% | |
| Marine | na | Na | 1.2% | |
| Engineering | 0.0% | 0.0% | 0.0% | |
| Other general insurance | 62.9% | 88.0% | 6.1% | |
| Health insurance | 21.5% | na | 68.1% | |
| Protection & savings | na | na | 14.7% | |
| Total | 100.0% | 100.0% | 100.0% | |

Source: Company

Changes in outstanding claims represent the change in net reported but unsettled claims as well as net claims incurred but not reported ("IBNR"). It also represents the change in mathematical reserves (linked to the protection and savings segment) during the nine months period ended 30 September 2015G. Mathematical reserves were wholly shouldered by reinsurers due to the Company's 100.0% reinsurance arrangement with MetLife for the run-off business transferred under the 'Portfolio Transfer Agreement'.

In the nine months period ended 30 September 2015G, there has been an increase in total outstanding claims including the IBNR, which is largely in line with the growth in gross written premiums. The Company has strengthened its IBNR reserves in view of the growth in premiums, as a matter of prudence, resulting in negative changes in outstanding claims.

6-3-1-12 Net claims incurred

The following table presents net claims incurred per line of business during the period from 29 August 2013G to 31 December 2014G and the nine months' periods ended 30 September 2014G and 2015G.

Table 6.15: Net claims incurred

| SAR'000 | 29 August 2013G to 31 December 2014G | 1 January to 30 September 2014G | 1 January to 30 September 2015G | Δ nine months 2014G to nine months 2015G |
|----------------------------------|--------------------------------------|---------------------------------|---------------------------------|--|
| Accident and liability | 44 | 11 | 627 | 5,539.1% |
| Property | 1 | 1 | 12 | 2,117.2% |
| Marine | - | - | 80 | na |
| Engineering | 0 | 0 | 2 | 20,609.1% |
| Other general insurance | 181 | 86 | 392 | 356.8% |
| Health insurance | 62 | - | 5,986 | na |
| Protection & savings | - | - | 2,328 | na |
| Total net claims incurred | 288 | 97 | 9,426 | 9,576.0% |
| As a percentage of total | | | | |
| Accident and liability | 15.1% | 11.4% | 6.7% | |
| Property | 0.4% | 0.6% | 0.1% | |
| Marine | 0.0% | 0.0% | 0.8% | |
| Engineering | 0.0% | 0.0% | 0.0% | |
| Other general insurance | 62.9% | 88.0% | 4.2% | |
| Health insurance | 21.5% | 0.0% | 63.5% | |
| Protection & savings | 0.0% | 0.0% | 24.7% | |
| Total | 100.0% | 100.0% | 100.0% | |

Source: Company

Net claims incurred increased from SAR 0.3 million during 2014G to SAR 9.4 million in the first three quarters 2015G. Net claims incurred in the corresponding first three quarters of 2014G was SAR 0.1 million. The increase in net claims incurred largely attributed to the health and protection & savings business. Combined, these contributed 88.2% of the total net claims incurred in the nine months period ended 30 September 2015G.

6-3-1-13 Loss ratio

The following table presents the loss ratio per line of business during the period from 29 August 2013G to 31 December 2014G and the nine months' periods ended 30 September 2014G and 2015G.

Table 6.16: Loss ratio

| SAR'000 | 29 August 2013G to 31 December 2014G | 1 January to 30 September 2014G | 1 January to 30 September 2015G |
|-------------------------|--------------------------------------|---------------------------------|---------------------------------|
| Accident and liability | 94.6% | 75.0% | 84.9% |
| Property | 67.8% | 74.9% | 89.5% |
| Marine | na | na | 80.9% |
| Engineering | 75.0% | 73.3% | 72.6% |
| Other general insurance | 105.0% | 75.0% | 106.5% |
| Health insurance | 78.5% | na | 83.2% |
| Protection & savings | na | na | 69.9% |
| Total | 96.2% | 75.0% | 76.4% |

Source: Company

The Company's loss ratio declined from 96.2% in 2014G to 76.4% in the nine months period ended 30 September 2015G. The year 2014G saw a higher loss ratio due to the fact that there were practically no claims paid during this period and the net claims incurred was largely built on actuarial estimates and high IBNR reserves. In contrast, 2014G saw relatively lower net written premiums since the Company was still in the start-up phase.

The loss ratio of the other general insurance business stood at 105.0% and 106.5% in 2014G and the nine months period ended 30 September 2015G, respectively. The relatively higher loss ratio in connection to this segment was attributable to higher IBNR reserve allocations that were fully associated with "plus" products. Such products are subject to excess of loss reinsurance arrangements.

6-3-1-14 Policy acquisition costs

Policy acquisition costs represent the amortization of deferred commissions paid to insurance intermediaries and other incremental direct costs incurred in relation to the acquisition and renewal of insurance contracts.

The following table presents commissions incurred per line of business during the period from 29 August 2013G to 31 December 2014G and the nine months' periods ended 30 September 2014G and 2015G.

Table 6.17: Commissions incurred

| SAR'000 | 29 August 2013G to 31 December 2014G | 1 January to 30 September 2014G | 1 January to 30 September 2015G | Δ nine months 2014G to nine months 2015G |
|----------------------------------|--------------------------------------|---------------------------------|---------------------------------|--|
| Accident and liability | 74 | 15 | 426 | 2,722.6% |
| Property | 28 | 3 | 279 | 9,533.1% |
| Marine | - | - | 103 | na |
| Engineering | 0 | 0 | 175 | 55,758.9% |
| Other general insurance | 34 | 17 | 87 | 406.5% |
| Health insurance | - | - | 403 | na |
| Protection & savings | - | - | 475 | na |
| Total commission incurred | 137 | 35 | 1,948 | 5,394.3% |

| SAR'000 | 29 August 2013G to 31 December 2014G | 1 January to 30 September 2014G | 1 January to 30 September 2015G | Δ nine months 2014G to nine months 2015G |
|---------------------------------|--|---------------------------------------|---------------------------------------|--|
| <i>As a percentage of total</i> | | | | |
| Accident and liability | 54.1% | 42.6% | 21.9% | |
| Property | 20.5% | 8.2% | 14.3% | |
| Marine | 0.0% | 0.0% | 5.3% | |
| Engineering | 0.2% | 0.9% | 9.0% | |
| Other general insurance | 25.3% | 48.4% | 4.5% | |
| Health insurance | 0.0% | 0.0% | 20.7% | |
| Protection & savings | 0.0% | 0.0% | 24.4% | |
| Total | 100.0% | 100.0% | 100.0% | |

Source: Company

Commission rates are agreed with brokers on case-by-case basis. Commission incurred increased from SAR 0.1 million in 2014G to SAR 1.9 million in the nine months period ended 30 September 2015G. In the nine months period ended 30 September 2015G, accident & liability, health and protection & savings segments saw the highest level of commissions incurred. Combined, these segments represented 66.9% of total commissions incurred during the same period.

Net commission ratio (net commission incurred as a percentage of net earned premiums) declined from 45.7% in 2014G to 17.3% in the nine months period ended 30 September 2015G. The decline in net commission ratio was mainly attributed to the change in product mix due to the significant portion of net premiums earned from the health segment during the nine months period ended 30 September 2015G. The commission ratio of the health segment was the lowest as premiums earned under this segment were largely generated through direct points-of-sale.

6-3-1-15 Other direct underwriting expenses

Other direct underwriting expenses are predominantly related to costs associated with printing and distribution of insurance cards, brochures, booklets, etc. Other direct underwriting expenses increased from SAR 38.4 thousands in 2014G to SAR 0.5 million during the nine months period ended 30 September 2015G. The increase is predominantly related to the overall growth in insurance operations.

6-3-1-16 Doubtful debt expense

Doubtful debt expenses relate to the change in the impairment of past due premiums receivable. The Company classify trade receivable balances as 'past due and impaired' based on the guidelines given by the Saudi Arabian Monetary Agency ("SAMA").

6-3-1-17 General and administrative expenses (Statement of insurance operations and accumulated surplus)

The following table presents general and administrative expenses during the period from 29 August 2013G to 31 December 2014G and the nine months' periods ended 30 September 2014G and 2015G.

Table 6.18: General and administrative expenses (insurance operations)

| SAR'000 | 29 August 2013G to 31 December 2014G | 1 January to 30 September 2014G | 1 January to 30 September 2015G | Δ nine months 2014G to nine months 2015G |
|---------------------------------|--|---------------------------------------|---------------------------------------|--|
| Employee costs | 8,974 | 5,884 | 15,260 | 159.4% |
| Legal and professional fees | 3,123 | 1,976 | 3,391 | 71.6% |
| Rent | 2,411 | 1,270 | 472 | -62.8% |
| Depreciation | 2,037 | 1,343 | 2,057 | 53.2% |
| Information technology expenses | 1,834 | 1,142 | 1,868 | 63.6% |
| Travel and lodging expenses | 886 | 645 | 746 | 15.7% |
| Others | 938 | 292 | 1,242 | 325.6% |

| SAR'000 | 29 August 2013G to 31 December 2014G | 1 January to 30 September 2014G | 1 January to 30 September 2015G | Δ nine months 2014G to nine months 2015G |
|---------------------------------|--|---------------------------------------|---------------------------------------|--|
| Total G&A expenses | 20,203 | 12,550 | 25,036 | 99.5% |
| As a percentage of total | | | | |
| Employee costs | 44.4% | 46.9% | 61.0% | |
| Legal and professional fees | 15.5% | 15.7% | 13.5% | |
| Rent | 11.9% | 10.1% | 1.9% | |
| Depreciation | 10.1% | 10.7% | 8.2% | |
| Information technology expenses | 9.1% | 9.1% | 7.5% | |
| Travel and lodging expenses | 4.4% | 5.1% | 3.0% | |
| Others | 4.6% | 2.3% | 5.0% | |
| Total | 100.0% | 100.0% | 100.0% | |

Source: Company

General and administrative expenses primarily include employee costs, which comprised 44.4% of total general and administrative expenses in 2014G; 46.9% in the nine months period ended 30 September 2014G; and 61.0% in the nine months period ended 30 September 2015G. General and administrative expenses increased by SAR 12.5 million or 99.5% from SAR 12.5 million in the nine months period ended 30 September 2014G to SAR 25.0 million in the nine months period ended 30 September 2015G. The increase in general and administrative expenses was in view of the fact that the Company started its insurance operation in April 2014 and related expenses for the first quarters of 2014 were classified under shareholders' operations.

General and administrative expense increased from SAR 20.2 million in 2014G to SAR 25.0 million in the nine months period ended 30 September 2015G. The increase is principally driven by the increase in employee cost by 70.1% during the first nine months of 2015G. This increase was partially offset by a marginal decrease in rent and travel & lodging expenses during the same period.

6-3-1-18 Employee cost

Employee costs comprise salaries, benefits, allowances and bonuses provided to the Company's employees. Employee cost increased from SAR 9.0 million in 2014G to SAR 15.3 million in the nine months period ended 30 September 2015G. The increase in salaries was mainly due to the increase in employee headcount, which grew from 45 employees in 2014G to 70 employees in 2015G.

6-3-1-19 Legal and professional expenses

Legal and professional fees are related to technical services rendered by MetLife – Dubai and AIG – Dubai as well as external audit, actuarial and legal consulting services. Legal and professional expenses increased marginally from SAR 3.1 million in 2014G to SAR 3.4 million in the nine months period ended 30 September 2015G. The increase in such expense was mainly due to the increase in the scale of operations, which led to a wider scope of technical services.

Rent

Rent costs correspond to office lease expenses. Rent costs decreased from SAR 2.4 million in 2014G to SAR 0.5 million in the nine months period ended 30 September 2015G. This decline in rent cost resulted from the reversal of excess rent accruals recorded in 2014G.

Depreciation

Depreciation expenses did not exhibit a significant variance between 2014G and the nine months period ended 30 September 2015G (SAR 2.0 million).

Information technology expenses

Information technology expenses are attributable to information technology support services provided by external service providers.

6-3-1-20 Net deficit from insurance operations and shareholders' appropriations

The following table presents the segment-wise net deficit from insurance operations during the period from 29 August 2013G to 31 December 2014G and the nine months' periods ended 30 September 2014G and 2015G.

Table 6.19: Net deficit from insurance operations

| SAR'000 | 29 August 2013G to 31 December 2014G | 1 January to 30 September 2014G | 1 January to 30 September 2015G | Δ nine months 2014G to nine months 2015G |
|--|--------------------------------------|---------------------------------|---------------------------------|--|
| Accident and liability | 40 | 14 | (228) | -1,758.2% |
| Motor | - | - | 594 | na |
| Property | 17 | 1 | (44) | -3,175.6% |
| Marine | - | - | 34 | na |
| Engineering | (1) | 0 | 18 | 15,695.7% |
| Other general insurance | (141) | (72) | (16) | -77.8% |
| Health insurance | 3 | - | (7) | na |
| Protection & savings | - | - | 1,384 | na |
| Underwriting results | (82) | (57) | 1,735 | 3,373.6% |
| General and administrative expenses | (20,203) | (12,550) | (25,036) | 99.5% |
| Net deficit from insurance operations | (20,286) | (12,607) | (23,301) | 84.8% |

Source: Company

The Company's underwriting results increased from a deficit of SAR 0.1 million in 2014G to a surplus of SAR 1.7 million in the nine months period ended 30 September 2015G. The surplus in underwriting results was primarily driven by the marine, engineering and protection & savings lines of business and the share of income in the Manafeth program.

The net deficit from insurance operations increased from SAR 20.2 million in 2014G to SAR 23.3 million in the nine months period ended 30 September 2015G. The increase in deficit was largely influenced by the increase in general and administrative expenses during the nine months period ended 30 September 2015G.

6-3-1-21 Shareholders' appropriation of surplus

In accordance with the implementing regulations for co-operative insurance companies issued by SAMA, 100.0% of the insurance operations' deficit is appropriated to shareholders' income.

6-3-1-22 Key performance indicators

The table below summarizes the key performance indicators of the Company during the period from 29 August 2013G to 31 December 2014G and the nine months' periods ended 30 September 2014G and 2015G.

Table 6.20: Key performance indicators

| % | 29 August 2013G to 31 December 2014G | 1 January to 30 September 2014G | 1 January to 30 September 2015G |
|--|--------------------------------------|---------------------------------|---------------------------------|
| Growth of GWP | na | na | 5,488.3% |
| Net written premiums as a percentage of GWP | 28.4% | 34.8% | 61.5% |
| Reinsurance cession ratio | 71.6% | 65.2% | 38.3% |
| Commission incurred as a percentage of GWP | 2.4% | 1.8% | 1.8% |
| Reinsurance commission earned as a percentage of GWP | 3.0% | 1.7% | 2.4% |
| Loss ratio | 96.2% | 75.0% | 76.4% |

| % | 29 August 2013G to 31 December 2014G | 1 January to 30 September 2014G | 1 January to 30 September 2015G |
|--|--|---------------------------------------|---------------------------------------|
| Expenditure rate | 6,786.7% | 9,730.5% | 212.4% |
| Combined ratio | 6,882.9% | 9,805.5% | 288.8% |
| Net deficit from insurance operations as a percentage of NWP | 1,242.1% | 1,824.5% | 34.1% |
| Number of policies (x) | 84 | 42 | 1,642 |
| Average gross written premiums per policy (SAR'000) | 68 | 47 | 68 |
| Number of claims paid (x) | | | |
| Accident and liability | - | - | 2 |
| Property | - | - | 2 |
| Marine | - | - | - |
| Engineering | - | - | - |
| Other general insurance | - | - | - |
| Health insurance | - | - | 3,892 |
| Protection & savings | - | - | 12 |

Source: Company

6-3-2 Shareholders' comprehensive operations

The following table presents the statement of shareholders' comprehensive operations during the period from 29 August 2013G to 31 December 2014G and the nine months' periods ended 30 September 2014G and 2015G.

Table 6.21: Statement of shareholders' comprehensive operations

| | Audited | Unaudited | Unaudited | Increase/ (Decrease) |
|---|--|------------------------------------|------------------------------------|--|
| SAR in 000's | 29 August 2013G to 31 December 2014G | 1 January to 30 September 2014G | 1 January to 30 September 2015G | Δ nine months 2014G to nine months 2015G |
| Appropriation of deficit from insurance operations | (20,286) | (12,607) | (23,301) | 84.8% |
| Special commission income | 793 | 606 | 325 | 46.4% |
| Dividend income | - | - | 339 | - |
| General and administrative expenses | (12,843) | (6,578) | (904) | -86.3% |
| Losses incurred during the period | (32,336) | (18,578) | (23,541) | 26.7% |
| Pre-incorporation expenses, net | (11,336) | 405 | - | 100.0% |
| Net loss before Zakat for the period | (43,671) | (18,173) | (23,541) | 29.5% |
| Zakat | (1,243) | (830) | (550) | -33.8% |
| Total comprehensive loss for the period | (44,914) | (19,004) | (24,090) | 26.8% |
| Loss per share: (Basic & diluted loss per share) | (2.50) | (1.04) | (1.35) | 29.8% |

Source: Company

6-3-2-1 Special commission income

Special commission income represents income earned from investments in time deposits. Special commission income declined from SAR 0.8 million in 2014G to SAR 0.3 million in the nine months period ended 30 September 2015G. Special commission income in the corresponding nine months period ended 30 September 2014G amounted to SAR 0.6 million. The decline in commission income is mainly due to a lower level of outstanding investments during the nine months period ended 30 September 2015G.

6-3-2-2 Dividend income

Dividend income is related to the Company's share of dividend distributions in Najm for Insurance Services Company (classified as an available for sale investment).

6-3-2-3 General and administrative expenses (Shareholders' comprehensive operations)

The following table presents general and administrative expenses from shareholders' operations during the period from 29 August 2013G to 31 December 2014G and the nine months' periods ended 30 September 2014G and 2015G.

Table 6.22: General and administrative expenses (shareholders' operations)

| SAR'000 | 29 August 2013G to 31 December 2014G | 1 January to 30 September 2014G | 1 January to 30 September 2015G | Δ nine months 2014G to nine months 2015G |
|---------------------------------|--|---------------------------------------|---------------------------------------|--|
| Employee costs | 4,677 | 2,840 | (90) | -103.2% |
| Legal and professional fees | 3,217 | 1,172 | 166 | -85.9% |
| Rent | 908 | 382 | - | -100.0% |
| Depreciation | 1,342 | 576 | - | -100.0% |
| Information technology expenses | 606 | 217 | - | -100.0% |
| Travel and lodging expenses | 683 | 337 | 5 | -98.5% |
| Board expenses | 1,085 | 868 | 804 | -7.4% |
| Others | 324 | 185 | 19 | -89.5% |
| Total G&A expenses | 12,843 | 6,578 | 904 | -86.3% |
| As a percentage of total | | | | |
| Employee costs | 36.4% | 43.2% | -10.0% | |
| Legal and professional fees | 25.0% | 17.8% | 18.4% | |
| Rent | 7.1% | 5.8% | 0.0% | |
| Depreciation | 10.5% | 8.8% | 0.0% | |
| Information technology expenses | 4.7% | 3.3% | 0.0% | |
| Travel and lodging expenses | 5.3% | 5.1% | 0.6% | |
| Board expenses | 8.5% | 13.2% | 88.9% | |
| Others | 2.5% | 2.8% | 2.2% | |
| Total | 100.0% | 100.0% | 100.0% | |

Source: Financial Statements

Expenses related to salaries, legal and professional fees, depreciation costs and other forms of administrative expenses incurred prior to the commencement of insurance operations (between September 2013 and May 2014) were accounted for in the statement of shareholder' comprehensive operations.

Total general and administrative expenses declined from SAR 12.8 million in 2014G to SAR 0.9 million in the nine months period ended 30 September 2015G. Since the commencement of insurance operations, operating costs were largely

accounted for in the statement of insurance operations. Directors' remunerations and other minimal administrative expenses were accounted for in the statement of shareholders' comprehensive operations.

The negative amount of SAR 90.4 thousands for employees costs reported during the nine months ended 30 September 2015G is related to excess accruals for employee bonuses. These excess accruals were established during 2014G and reversed in the nine months period ended 30 September 2015G following the distribution of bonuses. Accrued bonuses established during 2014G under shareholders operations amounted to SAR 273.0 thousands while actual bonuses paid under shareholders operations in 2015G amounted to SAR 183 thousands. Therefore, the excess accruals of SAR 90.0 thousands were reversed in 2015G.

6-3-3 Balance sheet

The following table presents a summary of the Company's balance sheet as at 31 December 2014G and 30 September 2015G.

Table 6.23: Balance sheet summary

| SAR in 000's | As at December | As at September | Increase/ (Decrease) |
|---|----------------|-----------------|---|
| | 2014G Audited | 2015G Unaudited | Δ 31 December 2014G to 30 September 2015G |
| Insurance operations' assets | 21,920 | 432,592 | 1,873.5% |
| Shareholders' assets | 121,975 | 104,476 | (14.3%) |
| Total assets | 143,895 | 537,068 | 273.2% |
| Insurance operations' liabilities | 21,920 | 432,592 | 1,873.5% |
| Shareholders' liabilities | 1,286 | 7,878 | 512.5% |
| Shareholder's equity | 120,689 | 96,599 | (20.0%) |
| Total Insurance operations' liabilities and accumulated surplus and shareholders' liabilities and equity | 143,895 | 537,068 | 273.2% |

Source: Financial Statements

At 30 September 2015G, insurance operations' assets mainly comprised ceded reinsurers' share of mathematical reserve in respect of the protection and savings' portfolio, premiums receivables and cash & cash equivalent.

The major components of shareholders' assets at 30 September 2015G, were cash and cash equivalents and statutory deposit.

The increase in total assets from SAR 143.9 million at 31 December 2014G to SAR 537.1 million at 30 September 2015G was mainly driven by the growth in scale of insurance operations during the first three quarters of 2015G.

Insurance operations' liabilities were mainly composed of policyholders' liabilities in addition to technical provisions/ reserves at 30 September 2015G, while the shareholders' liabilities primarily comprised of zakat payable, accruals and the outstanding balance of amounts due to insurance operations.

The overall increase of insurance liabilities from SAR 21.9 million at 31 December 2014G to SAR 432.6 million at 30 September 2015G resulted from the increase in business activity.

Shareholders' equity decreased from SAR 120.7 million at 31 December 2014G to SAR 96.6 million at 30 September 2015G, on account of an increase in the accumulated deficit.

The accumulated deficit increased from SAR 54.3 million at 31 December 2014G to SAR 78.4 million at 30 September 2015G (refer to table 6-49: Shareholders' equity), as a result of the reported net deficit from insurance operations of SAR 23.3 million during the first three quarters of 2015G.

6-3-3-1 Insurance operations' assets

The following table presents the Company's insurance operations' assets as at 31 December 2014G and 30 September 2015G.

Table 6.24: Insurance operations' assets

| SAR in 000's | As at December | As at September | Increase/ (Decrease) |
|--|----------------|-----------------|---|
| | 2014G Audited | 2015G Unaudited | Δ 31 December 2014G to 30 September 2015G |
| Cash and cash equivalent | 2,238 | 46,160 | 1,962.2% |
| Premiums receivable, net | 3,422 | 48,619 | 1,321.0% |
| Reinsurers' commission receivable | 1,017 | - | (100.0%) |
| Reinsurers' share of unearned premiums | 3,375 | 29,676 | 779.4% |
| Reinsurers' share of mathematical reserves | - | 257,856 | - |
| Reinsurers' share of outstanding claims | 500 | 22,583 | 4,418.4% |
| Deferred policy acquisition costs | 470 | 3,951 | 741.3% |
| Prepaid expenses and other assets | 2,844 | 10,893 | 283.0% |
| Due from shareholders operations | - | 6,529 | - |
| Property and equipment, net | 8,055 | 6,324 | (21.5%) |
| Total Insurance operations' assets | 21,920 | 432,592 | 1,873.5% |

Source: Financial Statements

Note: The Company changed its statutory auditors in 2015G. The new auditors adopted different classifications for certain line items. Accordingly, certain components of insurance operations' assets at 31 December 2014G were presented differently in the audited financial statements of 2014G and the reviewed financial statements for the period ended on 30 September 2015G. To maintain like-for-like comparison, certain line items presented in 2014G's audited financial statements were reclassified in line with 2015G's classifications.

As indicated above, insurance operations' assets as at 30 September 2015G primarily consisted of the reinsurers' share of mathematical reserves in connection to the protection and savings' portfolio as well as premiums receivables and cash & cash equivalent.

Reinsurance assets represent balances due from the Company's reinsurers. Reinsurers' share of outstanding claims and reserves are based on the terms of reinsurance treaties. At 30 September 2015G, reinsurers' share of mathematical reserves is 100.0% since the protection and savings' insurance portfolio was transferred to the Company by one of its founding shareholders, American Life Insurance Company ("ALICO"), under an outright reinsurance arrangement whereby all risks and rewards are ceded to the transferor. The lack of such reserves at 31 December 2014 stems from the fact that the Company entered into the portfolio transfer agreement during 2015G.

Net premiums receivable are presented net of provisions against doubtful debts. These amounted to 11.2% of total insurance operations' assets at 30 September 2015G. Provisions against doubtful debts are recorded as per SAMA's implementing regulations. The substantial increase in net premiums receivable is in light of the growth in scale of underwriting activities during the first three quarters of 2015G relative to 2014G.

Prepaid expenses and other assets mainly comprised of receivables due from employees, deposits against LGs, outstanding advances, prepaid rent and other expenses.

Deferred policy acquisition costs represent commissions and other costs directly related to the acquisition and renewal of insurance contracts acquired through brokers and agents. These costs are deferred and amortized over the term of individual insurance contracts to which they relate and amortized as premiums are earned.

6-3-3-2 Cash and cash equivalents

The following table presents cash and cash equivalents of insurance operations as at 31 December 2014G and 30 September 2015G.

Table 6.25: Cash and cash equivalents

| SAR in 000's | As at December | As at September | Increase/ (Decrease) |
|--|----------------|-----------------|---|
| | 2014G Audited | 2015G Unaudited | Δ 31 December 2014G to 30 September 2015G |
| Petty cash | 8 | 23 | 181.2% |
| Bank balances | 2,230 | 46,138 | 1,968.6% |
| Total cash and cash equivalents | 2,238 | 46,160 | 1,962.2% |

Source: Financial Statements

Cash and cash equivalents in respect of insurance operations represent the outstanding balances of certain bank accounts and petty cash used to facilitate payment of day-to-day expenses.

Bank balances are mainly held in two banks (Arab National Bank and the Saudi British Bank). The increase of bank balances from SAR 2.2 million at 31 December 2014G to SAR 46.1 million at 30 September 2015G was driven by the growth in the Company's insurance operations and underwriting activities during the first three quarters of 2015G.

6-3-3-3 Premiums receivable, net

The following table presents the Company's net premiums receivable as at 31 December 2014G and 30 September 2015G.

Table 6.26: Premiums receivable, net

| SAR in 000's | As at December | As at September | Increase/ (Decrease) |
|---|----------------|-----------------|---|
| | 2014G Audited | 2015G Unaudited | Δ 31 December 2014G to 30 September 2015G |
| Due from related parties | - | 24,716 | - |
| Due from brokers | 2,233 | 23,358 | 946.1% |
| Due from policyholders | 1,281 | 2,082 | 62.5% |
| Due from agents | (1) | - | (100.0%) |
| Total gross premium receivable | 3,513 | 50,156 | 1,327.7% |
| Provision for doubtful debt (policyholders) | (91) | (1,537) | 1,591.3% |
| Net premium receivable | 3,422 | 48,619 | 1,320.7% |

Source: Company

Premiums receivable represent outstanding premiums due from policyholders, brokers, agents and related parties. Premiums receivable are presented net of provisions against doubtful debtors at each balance sheet date. The Company recognizes provisions against doubtful debts based on SAMA's implementing regulations.

Premiums due from brokers and related parties, combined, accounted for 95.8% of total premiums receivable at 30 September 2015. Premiums due from related parties represent premiums due from the Arab National Bank in the normal course of business on account of a "group medical" policy.

Net premiums receivable increased from SAR 3.4 million at 31 December 2014G to SAR 48.6 million at 30 September 2015G. This increase was principally driven by the growth in insurance operations (i.e., volume and value of transactions).

The following table presents the aging of premiums receivable at 30 September 2015G.

Table 6.27: Premiums receivable aging

| SAR in 000's | Overdue for less than 30 days | Overdue for 30 to 90 days | Overdue for 90 to 180 days | Overdue for 180 to 360 days | Total |
|---|-------------------------------|---------------------------|----------------------------|-----------------------------|---------|
| Due from related parties | 24,517 | (5) | 114 | 90 | 24,716 |
| Due from brokers | 15,092 | 1,708 | 3,328 | 3,230 | 23,358 |
| Due from direct customers and ALICO | 283 | 543 | 1,232 | 24 | 2,082 |
| Total gross premium receivable | 39,892 | 2,246 | 4,674 | 3,344 | 50,156 |
| Provision for doubtful debt (policyholders) | - | - | (701) | (836) | (1,537) |
| Net premium receivable | 39,892 | 2,246 | 3,973 | 2,508 | 48,619 |

Source: Company

Premiums due from brokers largely consisted of premiums due from a client under the engineering segment in relation to a "contractors' all risk" policy. The outstanding balance in connection to this customer (Saudi Electricity Company) constituted 60.0% of total gross premiums receivable through brokers.

A balance of SAR 3.2 million has been outstanding for over 180 days at 30 September 2015G. This balance is mainly associated with premiums due from one account relating to a group (SAR 1.4 million). These policies were cancelled subsequent to September 2015G as a result of the delay in settlement of premiums.

6-3-3-4 Reinsurers' commission receivable

Reinsurers' commission receivable are principally linked with proportional reinsurance treaties and facultative reinsurance arrangements. Reinsurers' commission receivable increased from SAR 1.0 million at 31 December 2014G (refer to table 6-25: Insurance operations' assets) to SAR 5.7 million at 30 September 2015G (classified under reinsurance balance payable) in light of the growth in the Company's general insurance portfolio between the two balance sheet dates. In principal, the Company changed the classification of commissions' receivable to offset them against amounts due to reinsurers. Accordingly, the payable balance presents net amounts due to reinsurers (refer to table 6-44: Reinsurance balance payable).

6-3-3-5 Reinsurers' share of unearned premiums

The following table presents the reinsurers' share of unearned premiums and calculates its share versus gross unearned premiums as at 31 December 2014G and 30 September 2015G

Table 6.28: Reinsurer's share of unearned premiums

| SAR in 000's | As at December | | As at September | | Increase/ (Decrease) |
|-------------------------------------|----------------|----------------|-----------------|----------------|---|
| | 2014G Audited | RI's share (%) | 2015G Unaudited | RI's share (%) | Δ 31 December 2014G to 30 September 2015G |
| General and health | | | | | |
| Accident and liability | | | | | |
| Personal accident | 14 | 54.6% | 973 | 70.3% | 6,750.9% |
| Employer's liability | 273 | 89.2% | 358 | 80.3% | 31.1% |
| General liability | 1,393 | 94.2% | 2,216 | 89.5% | 59.1% |
| Professional liability | - | - | 48 | 94.0% | - |
| Total accident and liability | 1,680 | 92.8% | 3,595 | 82.5% | 114.0% |
| Property insurance | 530 | 99.7% | 1,585 | 99.2% | 199.0% |
| Marine cargo insurance | - | 0.0% | 435 | 85.0% | - |
| Engineering insurance | 312 | 99.2% | 22,389 | 99.9% | 7,066.9% |
| Other general insurance | 838 | 72.4% | 687 | 50.0% | (18.0%) |
| Health insurance, compulsory | 15 | 1.7% | 599 | 1.1% | 3,891.8% |
| Total general and health | 3,375 | 71.7% | 29,289 | 34.2% | 767.7% |
| Protection and savings | | | | | |
| Group business | - | - | 386 | 15.4% | - |
| Total protection and savings | - | - | 386 | 15.4% | - |
| Total unearned premium | 3,375 | 71.7% | 29,676 | 33.7% | 779.2% |

Source: Company

Overall, the total reinsurers' share of unearned premiums as a percentage of gross unearned premiums declined from 71.7% at 31 December 2014G to 33.7% at 30 September 2015G. This was due to the change in portfolio mix during 2015G.

The Company's portfolio was mainly composed of health policies (in terms of premiums) during the nine months period ended 30 September 2015. In accordance, the highest unearned premium balance was attributable to the health insurance segment, representing 62.8% of total gross unearned premium reserves.

The reinsurance cession rate of this segment stood at 2.9% by the end of the third quarter in 2015G.

In view of its low premium retention rates, the highest reinsurers' share of premiums was under the engineering segment. Reinsurers' share of unearned engineering premiums as a percentage of gross unearned engineering premiums stood at 99.9% as at 30 September 2015G.

6-3-3-6 Reinsurers' share of outstanding claims

The following table presents the reinsurers' share of outstanding claims as at 31 December 2014G and 30 September 2015G.

Table 6.29: Reinsurers' share of outstanding claims

| SAR in 000's | As at December | As at September | Increase/ (Decrease) |
|---|----------------|-----------------|---|
| | 2014G Audited | 2015G Unaudited | Δ 31 December 2014G to 30 September 2015G |
| Outstanding reported claims | 4 | 17,429 | 89,116.2% |
| Claims incurred but not reported (IBNR) | 495 | 5,154 | 940.5% |
| Total outstanding claims | 500 | 22,583 | 4418.4% |

Source: Company

Reinsurers' share of outstanding claims amounted to SAR 0.5 million at 31 December 2014. This share was predominantly related to the reinsurers' share of IBNR reserves in respect of the general insurance business.

Reinsurers' share of outstanding claims increased to SAR 22.6 million at 30 September 2015G in light of the protection and savings portfolio transfer under an outright reinsurance arrangement.

Outstanding protection and savings' claims formed 59.8% of total gross outstanding claims at 30 September 2015G.

6-3-3-7 Deferred policy acquisition costs

The following table presents the Company's deferred policy acquisition costs as at 31 December 2014G and 30 September 2015G.

Table 6.30: Deferred policy acquisition costs

| SAR in 000's | As at December | As at September | Increase/ (Decrease) |
|--|----------------|-----------------|---|
| | 2014G Audited | 2015G Unaudited | Δ 31 December 2014G to 30 September 2015G |
| General and health | | | |
| Accident and liability | | | |
| Personal accident | 4 | 80 | 2,022.8% |
| Employer's liability | 44 | 67 | 53.3% |
| General liability | 219 | 320 | 46.2% |
| Total accident and liability | 266 | 467 | 75.4% |
| Property insurance | 80 | 168 | 111.3% |
| Marine cargo insurance | - | 77 | - |
| Engineering insurance | 47 | 1,855 | 3,828.3% |
| Other general insurance | 77 | 110 | 44.0% |
| Health insurance, compulsory | - | 911 | - |
| Total - General and health | 470 | 3,588 | 664.0% |
| Protection and savings | | | |
| Group business | - | 363 | - |
| Total - Protection and savings | - | 363 | - |
| Total deferred policy acquisition costs | 470 | 3,951 | 741.3% |

Source: Company

Deferred policy acquisition costs mainly include costs incurred on account of commissions paid to insurance intermediaries in addition to other incremental costs related to the acquisition of insurance contracts. These costs are amortized on a straight-line basis over the term of their respective policies.

Direct and indirect costs related to underwriting or renewing insurance contracts are deferred to the extent that such costs are recoverable from future premiums. In contrast, all other acquisition costs are expenses when incurred.

At 30 September 2015G, outstanding deferred policy acquisition costs were mainly associated with commissions granted to brokers and agents for the referral of engineering and health insurance policies.

Deferred policy acquisition costs increased under all segments over the historical period, hence the increase in outstanding deferred policy acquisition costs from SAR 0.5 million at 31 December 2014G to SAR 4.0 million at 30 September 2015G.

6-3-3-8 Prepaid expenses and other assets

The following table presents prepaid expenses and other assets associated with the insurance operations as at 31 December 2014G and 30 September 2015G.

Table 6.31: Prepaid expenses and other assets

| SAR in 000's | As at December 2014G Audited | As at September 2015G Unaudited | Increase/ (Decrease) Δ 31 December 2014G to 30 September 2015G |
|--|---------------------------------|------------------------------------|---|
| Deposits against LG | 550 | 3,545 | 544.6% |
| Deferred TPA fees | - | 2,216 | - |
| Employee receivables | 1,202 | 1,308 | 8.8% |
| Prepaid expenses | 361 | 690 | 91.2% |
| Deferred supervision fees | - | 991 | - |
| Prepaid rent | 233 | 777 | 233.3% |
| Other receivables | - | 594 | - |
| Security deposits | 262 | 177 | (32.3%) |
| Reinsurance premiums | - | 170 | - |
| Advance to suppliers | 236 | 398 | 68.4% |
| Premium paid in advance | - | 27 | - |
| Total prepaid expenses and other assets | 2,844 | 10,893 | 283.0% |

Source: Company

At 30 September 2015, prepaid expenses mainly consisted of deposits against letters of guarantee, deferred TPA (i.e., third party administration) fees and employee receivables (i.e., advances to employees).

Deposits against letters of guarantee ("LGs") are placed with banks upon the issuance of performance guarantee letters to customers. Such guarantees are issued when a tender bid is awarded to the Company. Their value is largely dictated by the customer. The increase of deposits against LGs at 30 September 2015G, was mainly driven by a letter of guarantee issued in favor of the Ministry of Foreign Affairs with a value of SAR 2.0 million.

Deferred TPA fees represent claim administration fees paid to Total Care Solutions, which provides a range of medical claim administration services including the administration of approvals, customer service administration, and the administration of service providers' network. The increase in prepaid fees is in line with the growth in health premiums.

Employee receivables comprise housing advances and loans granted to employees in the normal course of business. The outstanding balance of employee receivables remained somewhat stable at 31 December 2014G and 30 September 2015G.

Prepaid expenses comprise prepaid insurance costs on account of the medical and life insurance coverage of the employees, schooling allowances granted to employees, licenses renewal fees and other miscellaneous expenses incurred during the normal course of business. The increase in prepaid expenses between 31 December 2014 and 30 September 2015 principally stems from the increase in headcount of employees.

Deferred supervision fees represent inspection fees paid to SAMA and the Council of Cooperative Health Insurance ("CCHI"). The Company shall pay 0.5% of total underwritten premiums generated in a financial year to SAMA in addition to 1.0% of medical underwritten premiums in a financial year to CCHI. Such fees exclude local market share of the reinsurance business. Prior to 2015G, supervision fees were fully expensed once incurred, but the treatment was modified in 2015G and the fees are expensed as premiums are earned, while the remaining portion is deferred.

Prepaid rent at 31 December 2014G mainly comprised of prepaid rent towards the Company's previous premises (i.e., temporary office space). The Company's original premises was under renovation during 2014G. Prepaid rent increased from SAR 0.2 million at 31 December 2014G to SAR 0.8 million at 30 September 2015G in light of advances towards leasing the current head office.

Other receivables consist of amounts due from Tawuniya Insurance Company, representing the Company's share from the "Manafeth" agreement, by which the Company takes part in insuring all the foreign vehicles crossing the borders of Saudi Arabia.

Security deposits represent refundable deposits paid to the property owner of the leased office premises. The balance decreased from SAR 0.3 million at 31 December 2014G to SAR 0.2 million at 30 September 2015G, as the Company received a deposit refund after vacating the temporary office it used in 2014G.

Reinsurance premiums represent deferred excess of loss premiums. This reinsurance cost is deferred over the term of the excess of loss reinsurance treaties.

Advances to suppliers consisted of payments made to IT suppliers for support and implementation services (i.e., implementation of software, support packs, licenses, etc.).

6-3-3-9 Due from / (to) shareholders operations / insurance operations

The following table presents a summary of the balances due from shareholders operations / due to insurance operations as at 31 December 2014G and 30 September 2015G.

Table 6.32: Due from / (to) shareholders operations / insurance operations

| SAR in 000's | As at December 2014G Audited | | As at September 2015G Unaudited | |
|--|------------------------------|--------------------------|---------------------------------|--------------------------|
| | Insurance operations | Shareholders' operations | Insurance operations | Shareholders' operations |
| Opening balance | - | - | (5,029) | 5,029 |
| Appropriation of deficit from insurance to shareholders operations | 20,286 | (20,286) | 23,301 | (23,301) |
| Transfer of non-cash assets from shareholders' operations to insurance operations as of 1 April 2014 | (13,965) | 13,965 | - | - |
| Cash transfers from shareholders' operations to insurance operations | (11,350) | 11,350 | (11,743) | 11,743 |
| Total | (5,029) | 5,029 | 6,529 | (6,529) |

Source: Company

Due from / (to) shareholders' operations / insurance operations represent intermediary accounts consisting of outstanding transactions between shareholders' and insurance operations. Transactions recorded under these accounts include the appropriation of the insurance operations deficit to the shareholders' account, in addition to internal payments and transfers made during the normal course of business.

When the company started its insurance operations in 1 April 2014G some assets and liabilities were moved from shareholders' operations to insurance operations to support insurance activities such as fixed assets and the working capital. The transfer of these non-cash assets from shareholders' operations to insurance operations amounted to SAR 14.0 million during April 2014G.

6-3-3-10 Property and equipment, net

The following table presents a summary of the Company's property and equipment as at 31 December 2014G and 30 September 2015G.

Table 6.33: Property and equipment, net

| | As at December | As at September | Increase/ (Decrease) |
|------------------------------------|----------------|-----------------|---|
| SAR in 000's | 2014G Audited | 2015G Unaudited | Δ 31 December 2014G to 30 September 2015G |
| Leasehold improvements | 2,548 | 2,271 | (10.9%) |
| Computer hardware | 2,566 | 1,942 | (24.3%) |
| Computer software | 1,729 | 964 | (44.2%) |
| Furniture and fixtures | 699 | 611 | (12.7%) |
| Office equipment | 329 | 259 | (21.3%) |
| Motor vehicles | 183 | 151 | (17.5%) |
| Work-in-progress | - | 125 | na |
| Property and equipment, net | 8,055 | 6,324 | (21.5%) |

Source: Company

Overall, the decline in net book value of property and equipment from SAR 8.1 million at 31 December 2014G to SAR 6.3 million at 30 September 2015G was basically due to the deprecation charge (particularly in respect of computer hardware and software). Depreciation is charged to the statement of insurance operations on a straight-line basis over the estimated useful lives of the assets. Note that the Company does not plan to change its depreciation policy in the foreseeable future.

Leasehold improvements represent the cost of head office modifications (design cost, architectural consultancy, office carpets and fit-out contracting).

Computer hardware are mainly in the form of computer systems, printers and scanners. On the other hand, software consist of multiple licenses and programs in addition to support and diagnostic packs.

Other assets mainly include furniture and fixtures, office equipment and motor vehicles.

Work-in-progress represents the cost of a new IT software currently under implementation.

Additions during the first three quarters of 2015G, were concentrated mainly in leasehold improvements and computer hardware. Additions in leasehold improvements' are associated with modification works in the Jeddah office as well as fit-out-works in the Riyadh head office, while computer hardware additions included laptops and related accessories. Note that the Company does not plan to invest in any material property or equipment.

6-3-3-11 Shareholders' assets

The following table presents the shareholders' assets as at 31 December 2014G and 30 September 2015G.

Table 6.34: Shareholders' assets

| | As at December | As at September | Increase/ (Decrease) |
|-----------------------------------|----------------|-----------------|---|
| SAR in 000's | 2014G Audited | 2015G Unaudited | Δ 31 December 2014G to 30 September 2015G |
| Cash and cash equivalent | 11,158 | 83,168 | 645.4% |
| Due from insurance operations | 5,029 | - | na |
| Prepaid expenses and other assets | 114 | 459 | 303.6% |
| Time deposits | 85,000 | - | na |
| Available for sale investment | 3,175 | 3,175 | - |
| Statutory deposit | 17,500 | 17,675 | 1.0% |
| Total Shareholders' assets | 121,975 | 104,476 | (14.3%) |

Source: Financial statements

At 30 September 2015G, shareholders' assets mainly comprised cash and cash equivalent, available for sale investments and the statutory deposit.

6-3-3-12 Cash and cash equivalents

The following table presents cash and cash equivalents of shareholders' operations as at 31 December 2014G and 30 September 2015G.

Table 6.35: Cash and cash equivalents

| SAR in 000's | As at December | As at September | Increase/ (Decrease) |
|--|----------------|-----------------|---|
| | 2014G Audited | 2015G Unaudited | Δ 31 December 2014G to 30 September 2015G |
| Cash at banks and in hand | 5,158 | 8,168 | 58.4% |
| Short-term deposits | 6,000 | 75,000 | 1150.0% |
| Total cash and cash equivalents | 11,158 | 83,168 | 645.4% |

Source: Company

Cash and cash equivalents mainly consisted of short-term deposits during the historical period. Short-term deposits are placed with local commercial banks and carry an investment grade credit ratings with a maturity term of 90 days or less.

Cash at banks and in hand represent the outstanding balance of certain corporate bank accounts which are regarded part of shareholders' cash and cash equivalent.

Moreover, the increase in outstanding short-term deposits from SAR 6.0 million at 31 December 2014G to SAR 75.0 million at 30 September 2015G is driven by the increase in cash flow from investing activities which was utilized towards investments in short-term deposits.

Prepaid expenses and other assets

The following table presents the prepaid expenses and other assets of shareholders' operations as at 31 December 2014G and 30 September 2015G.

Table 6.36: Prepaid expenses and other assets

| SAR in 000's | As at December | As at September | Increase/ (Decrease) |
|--|----------------|-----------------|---|
| | 2014G Audited | 2015G Unaudited | Δ 31 December 2014G to 30 September 2015G |
| Other receivables | - | 339 | - |
| Accrued interest | 110 | 60 | (45.3%) |
| Other prepaid expenses | - | 56 | - |
| Bank outstanding items | 4 | 4 | - |
| Total prepaid expenses and other assets | 114 | 459 | 303.6% |

Source: Company

- Other receivables represent dividends receivable in connection to the Company's investment in Najm Insurance Services Company ("Najm").
- Accrued interest is earned on time deposits placed with local commercial banks. These deposits have an original maturity of more than three months from the date of acquisition, with a variable special commission rate of 0.85%.
- Other prepaid expenses comprise fees in respect of the Saudi Stock Exchange ("Tadawul") for bookkeeping, maintenance and updating the shareholders records. Furthermore, bank outstanding items represent stationary charges deducted by the Arab National Bank from the Company's accounts.

Time deposits

The following table presents the Company's time deposits as at 31 December 2014G.

Table 6.37: Time deposits

| SAR'000 | Principal amount | Deposit date | Maturity Date | Period | Balance at 31 December 2014G | Estimated value at maturity | Interest rate (%) |
|--------------|------------------|--------------|---------------|----------|------------------------------|-----------------------------|-------------------|
| ANB | 50,000 | 25/11/2014 | 25/05/2015 | 6 months | 50,000 | 50,209 | 0.83% |
| SAIB | 35,000 | 19/10/2014 | 16/04/2015 | 6 months | 35,000 | 35,154 | 0.90% |
| Total | 85,000 | | | | 85,000 | 85,363 | |

Source: Company

Time deposits are deposits placed with local commercial banks with investment grade credit ratings. These have an original maturity term of over 90 days from the date of acquisition.

The average variable special commission rate on time deposits was 0.85% at 31 December 2014.

No investments were recorded in time deposits with a maturity term of over 90 days at 30 September 2015, since all the time deposits as at this balance sheet date were due maturity in less than 90 days and were classified under cash and cash equivalent.

Available for sale investments

Available for sale investments represent the net book value of the Company's 3.85% equity holding in Najm.

The investment is required by SAMA, in order to be eligible for underwriting motor insurance policies.

Statutory deposit

The following table presents the Company's statutory deposit as at 31 December 2014G and 30 September 2015G.

Table 6.38: Statutory deposit

| SAR in 000's | As at December | As at September | Increase/ (Decrease) |
|--------------------------------|----------------|-----------------|---|
| | 2014G Audited | 2015G Unaudited | Δ 31 December 2014G to 30 September 2015G |
| Statutory deposit | 17,500 | 17,500 | - |
| Income credited | - | 175 | - |
| Total statutory deposit | 17,500 | 17,675 | 1.0% |

Source: Company

Statutory deposit represents 10.0% of the Company's paid up capital which is in accordance with the Cooperative Insurance Companies Control Law, issued by SAMA. This statutory deposit cannot be withdrawn without the consent of SAMA.

Income credited corresponds to interest income yielded from the statutory deposits.

6-3-3-13 Insurance operations' liabilities

The following table presents the Company's insurance operations' liabilities as at 31 December 2014G and 30 September 2015G.

Table 6.39: Insurance operations' liabilities

| SAR in 000's | As at December | As at September | Increase/ (Decrease) |
|--|----------------|-----------------|---|
| | 2014G Audited | 2015G Unaudited | Δ 31 December 2014G to 30 September 2015G |
| Gross unearned premiums | 4,709 | 88,152 | 1,771.9% |
| Gross outstanding claims | 788 | 29,340 | 3,625.5% |
| Gross mathematical reserves | - | 257,856 | - |
| Payables, accruals and others | 4,363 | 10,883 | 149.4% |
| Reinsurance balance payable | 3,944 | 40,452 | 925.5% |
| Unearned reinsurance commission income | 881 | 4,162 | 372.2% |
| Due to related parties | 1,823 | 900 | (50.6%) |
| Due to shareholders' operations | 5,029 | - | (100.0%) |
| Employees' terminal benefits | 383 | 846 | 120.9% |
| Total insurance operations' liabilities | 21,920 | 432,592 | 1,873.5% |

Source: Financial Statements

Insurance operations' liabilities mainly consisted of policyholders' liabilities and technical provisions/reserves.

Total liabilities increased from SAR 21.9 million at 31 December 2014G to SAR 432.6 million at 30 September 2015G. This was influenced by the transfer of MetLife's protection and savings' portfolio as of 1 April 2015 in addition to the growth in scale of insurance operations during the first three quarters of 2015G.

Gross unearned premiums

The following table presents a summary of the Company's gross unearned premiums as at 31 December 2014G and 30 September 2015G.

Table 6.40: Gross unearned premiums

| SAR in 000's | As at December | As at September | Increase/ (Decrease) |
|-------------------------------------|----------------|-----------------|---|
| | 2014G Audited | 2015G Unaudited | Δ 31 December 2014G to 30 September 2015G |
| General and health | | | |
| Accident and liability | | | |
| Personal accident | 26 | 1,384 | 5,222.7% |
| Employer's liability | 306 | 446 | 45.7% |
| General liability | 1,479 | 2,474 | 67.3% |
| Professional liability | - | 52 | - |
| Total accident and liability | 1,811 | 4,356 | 140.5% |
| Property insurance | 532 | 1,597 | 200.5% |
| Marine cargo insurance | - | 512 | - |
| Engineering insurance | 315 | 22,408 | 7,018.1% |
| Other general insurance | 1,158 | 1,373 | 18.5% |
| Health insurance, compulsory | 894 | 55,392 | 6,095.3% |

| | As at December | As at September | Increase/ (Decrease) |
|---------------------------------|----------------|-----------------|---|
| SAR in 000's | 2014G Audited | 2015G Unaudited | Δ 31 December 2014G to 30 September 2015G |
| Total general and health | 4,709 | 85,637 | 1,718.5% |
| Protection and savings | | | |
| Group business | - | 2,516 | - |
| Total protection and savings | - | 2,516 | - |
| Total unearned premium | 4,709 | 88,152 | 1,772.0% |

Source: Company

Unearned premiums are on account of insurance premiums that will be earned in the future. Recognition of these premiums in the results of insurance operations is deferred on a basis consistent with the term of the related policy coverage.

The increase of unearned premiums from SAR 4.7 million at 31 December 2014G to SAR 88.2 million at 30 September 2015G was driven by the overall growth in scale of insurance operations.

Gross outstanding claims

The following table presents a summary of the Company's gross outstanding claims as at 31 December 2014G and 30 September 2015G.

Table 6.41: Gross outstanding claims

| | As at December | As at September | Increase/ (Decrease) |
|-------------------------------------|----------------|-----------------|---|
| SAR in 000's | 2014G Audited | 2015G Unaudited | Δ 31 December 2014G to 30 September 2015G |
| General and health | | | |
| Accident and liability | | | |
| Personal accident | 13 | 785 | 5,951.4% |
| Employer's liability | 89 | 493 | 453.0% |
| General liability | 300 | 1,501 | 401.0% |
| Professional liability | - | 12 | - |
| Total accident and liability | 402 | 2,791 | 594.9% |
| Property insurance | 141 | 1,667 | 1,082.0% |
| Marine cargo insurance | - | 517 | - |
| Engineering insurance | 1 | 1,248 | 113,347.5% |
| Other general insurance | 181 | 682 | 276.8% |
| Health insurance, compulsory | 64 | 4,884 | 7,591.9% |
| Total general and health | 788 | 11,788 | 1,395.6% |
| Individual business | - | 15,046 | - |
| Group business | - | 2,506 | - |
| Total protection and savings | - | 17,551 | - |
| Total outstanding claims | 788 | 29,340 | 3,622.4% |

Source: Company

Gross outstanding claims consist of the gross estimated cost of claims incurred but not settled at the reporting date, whether reported or not.

The provision of incurred but not reported claims at the statement of financial position date is calculated by the Company's appointed actuary using on a benchmark ultimate loss ratio approach due to the lack of claims experience.

At 30 September 2015G, gross outstanding claims were largely concentrated in individual life protection and savings segment, representing 51.3% of total gross outstanding claims.

Total outstanding claims increased from SAR 0.8 million at 31 December 2014G to SAR 29.3 million at 30 September 2015G driven by the growth in business activities.

Gross mathematical reserves

As indicated previously, mathematical reserves represent a constituent part of the net deposit of life insurance, largely relating to the protection and savings business transferred as part of the portfolio transfer from MetLife.

The mathematical reserve is fully borne by the reinsurer, ALICO.

Payables, accruals and others

The following table presents a summary of insurance operations' payables, accruals and others as at 31 December 2014G and 30 September 2015G.

Table 6.42: Payables, accruals and others

| SAR in 000's | As at December | As at September | Increase/ (Decrease) |
|--|----------------|-----------------|---|
| | 2014G Audited | 2015G Unaudited | Δ 31 December 2014G to 30 September 2015G |
| Commission Payable | 344 | 2,202 | 540.7% |
| TPA Fees | - | 2,122 | - |
| Bonus | 1,072 | 1,491 | 39.1% |
| Employees benefits | 295 | 1,472 | 399.3% |
| SAMA & CCHI Accruals | 29 | 963 | 3,278.8% |
| Time cost billing | 323 | 696 | 115.9% |
| IT Support & Communication | 181 | 443 | 145.7% |
| Actuarial fees | 341 | 433 | 27.2% |
| Audit fees | 391 | 256 | (34.5%) |
| Internal Audit | - | 113 | - |
| G&A Accruals | - | 113 | - |
| GOSI Payable | 73 | 112 | 53.5% |
| External Employees Services | 90 | 22 | (75.7%) |
| Claims Payable | - | 4 | - |
| Rent | 1,033 | - | (100.0%) |
| Others | 194 | 439 | 126.5% |
| Total payables, accruals and others | 4,363 | 10,883 | 149.4% |

Source: Company

- Commissions payable represent amounts due to brokers for the referral of policies to the Company.
- Commissions payable vary depending on the commission rate, which relates to the class of business and the nature of liability. The higher business activity exhibited during the first three quarters of 2015G represents the driver behind the increase in commissions payable at 30 September 2015G.
- TPA fees (third party administration) fees payable represent administration fee payable to Total Care Solutions. No fees were recorded at 31 December 2014G since the agreement was signed in 2015G.
- Bonus is accrued on a monthly basis, and paid during the course of the following year. The monthly-booked amounts are communicated by the Human Resources Department, and are closely related to the performance of employees.
- Employee benefits represent accrued vacations. The increase in this balance between the two historical balance sheet dates stems from the increase in headcount of staff.
- SAMA and CCHI accruals are in the form of accrued mandatory inspection fees. The increase in accrued inspection fees is attributable to the increase in general and health gross written premiums.
- Time cost billing fees represents consulting fees payable to MetLife-ALICO and Chartis Memsa Holdings which provide consulting services, training services in addition to technical and management services. Time cost

billing fees are booked on a monthly basis based on bills sent by the consulting companies stating the number of chargeable hours during the period. The increase in accrued time cost billing can be attributed to the growth in operations which necessitated a greater level of support.

- IT support and communication fees are due to external IT consultants providing IT services including Oracle support, application maintenance support and database maintenance support.
- Actuarial fees are in respect of Lux Actuaries and Consultants, an external actuary. Audit fees represents the outstanding balance of accrued audit and tax fees.
- Internal audit fees are paid to Protivity Company. The Company outsourced the internal audit function to Protivity which is currently responsible for providing internal audit services, conducting risk assessment and developing a three years risk based internal audit plan.
- General and administrative accruals are mainly on account of utility expenses, traveling expenses, and other daily stationary expenses.
- GOSI payable represent social insurance fees.
- External employees' services comprise accrued vacation and other employee benefits, pertaining to the employees who are not under the sponsorship of the Company.
- Accrued rent represents the outstanding balance of accrued rent for the head office.
- Others is mainly a transitory account, consisting of the cash in transit representing collections made, against which no premiums were booked as at the balance sheet date.

Reinsurance balances payable

The following table presents the aging of reinsurance balances payable as at 31 December 2014G and 30 September 2015G.

Table 6.43: Reinsurance balances payable

| SAR in 000's | Up to 30 days | Overdue for 30 to 90 days | Overdue for 90 to 180 days | Overdue for 180 to 360 days | Overdue for more than 360 days | Total |
|--------------|---------------|---------------------------|----------------------------|-----------------------------|--------------------------------|--------|
| 31-Dec-14 | 1,007 | 1,923 | 630 | 384 | - | 3,944 |
| 30-Sep-15 | 20,137 | 10,637 | 2,948 | 5,525 | 1,205 | 40,452 |

Source: Company

Reinsurance balances payable represent reinsurers' share of gross written premiums less commissions due from reinsurers (i.e., net amounts due to reinsurers). These are mostly settled on quarterly basis in line with the reinsurance treaties.

At 30 September 2015G, the highest reinsurance balance payable mainly related to ACE Insurance and Reinsurance Brokers Ltd, which accounted for 47.2% of the total net reinsurance balance payable.

The aging of reinsurance balances payable shows a balance amounting to SAR 6.7 million outstanding for over 180 days at 30 September 2015G. The balance includes SAR 4.6 million due to reinsurers under the quota share treaty (including National Union Fire Insurance Company, New Hampshire Insurance Company and American Home Assurance Company).

All balances outstanding for over 180 days have been subsequently settled.

Unearned reinsurance commission income

The following table presents the company's unearned reinsurance commission income as at 31 December 2014G and 30 September 2015G.

Table 6.44: Unearned reinsurance commission income

| SAR in 000's | As at December | As at September | Increase/ (Decrease) |
|-------------------------------|----------------|-----------------|---|
| | 2014G Audited | 2015G Unaudited | Δ 31 December 2014G to 30 September 2015G |
| <i>General and health</i> | | | |
| <i>Accident and liability</i> | | | |
| Personal accident | 3 | 42 | 1,170.0% |
| Employer's liability | 73 | 93 | 28.3% |
| General liability | 379 | 520 | 37.4% |

| SAR in 000's | As at December | As at September | Increase/ (Decrease) |
|-------------------------------------|----------------|-----------------|---|
| | 2014G Audited | 2015G Unaudited | Δ 31 December 2014G to 30 September 2015G |
| Professional liability | - | 9 | - |
| Total accident and liability | 454 | 664 | 46.1% |
| Property insurance | 136 | 408 | 200.2% |
| Marine cargo insurance | - | 93 | - |
| Engineering insurance | 91 | 2,628 | 2,801.0% |
| Other general insurance | 193 | 179 | (7.6%) |
| Health insurance, compulsory | 7 | 102 | 1,316.1% |
| Total general and health | 881 | 4,073 | 362.2% |
| Protection and savings | | | |
| Group business | - | 89 | - |
| Total protection and savings | - | 89 | - |
| Total unearned commission | 881 | 4,162 | 372.4% |

Source: Company

Commission income is received on business covered by proportional treaties. It also relates to facultative business on many policies.

Unearned commission is the portion of commission written related to the unexpired period of coverage.

Total unearned commission increased from SAR 0.9 million at 31 December 2014G to SAR 4.2 million at 30 September 2015G, driven by the long-term nature of policies especially policies written under the engineering segment.

Related parties transactions

The following table presents the company's related parties transactions as at 31 December 2014G and 30 September 2015G.

Table 6.45: Related parties transactions

| SAR in 000's | Nature of transaction | As at December | As at September | Increase/ (Decrease) |
|--|---------------------------------------|----------------|-----------------|---|
| | | 2014G Audited | 2015G Unaudited | Δ 31 December 2014G to 30 September 2015G |
| Due from related parties | | | | |
| Arab National Bank | Premiums receivable | (1) | 24,716 | 817,766.3% |
| | Commission payable | (2) | 374 | - |
| Net premium receivable from Arab National Bank | | (3) | 25,090 | 830,338.6% |
| Due to related parties | | | | |
| American International Group ("AIG") | Reinsurance balance payable + XOL | 2,775 | 9,780 | 252.4% |
| | G&A expenses on behalf of the Company | 960 | 960 | - |
| Amounts due to AIG | | 3,735 | 10,740 | 187.5% |
| Delaware ALICO | Reinsurance premium payable | - | 1,041 | - |
| Amount due to Delaware ALICO | | - | 1,041 | - |
| MetLife ALICO | Reinsurance share of claims paid | - | 9,555 | - |
| | G&A expenses on behalf of the Company | 1,404 | (60) | 104.3% |

| SAR in 000's | Nature of transaction | As at December | As at September | Increase/ (Decrease) |
|--------------------------------------|---------------------------------------|----------------|-----------------|---|
| | | 2014G Audited | 2015G Unaudited | Δ 31 December 2014G to 30 September 2015G |
| Amount due to MetLife ALICO | | 1,404 | 9,495 | 576.4% |
| Total amounts due to related parties | | 5,139 | 21,276 | 314.0% |
| Commitments and contingencies | | | | |
| Arab National Bank | Letter of guarantee | 550 | 3,545 | 544.6% |
| | Time deposits | 56,000 | 15,000 | (73.2%) |
| | Special commission income on deposits | 96 | 11 | (88.0%) |

Source: Company

Related party transactions are mainly related to insurance transactions in connection to the Arab National Bank and the reinsurance transactions with the founders of the Company.

The founders paid on behalf of the Company certain G&A expenses during the formation stage, which were recharged to the Company during the reporting period.

During 2014G, related party transactions included capex and pre-incorporation expenses. These were settled during the first three quarters of 2015G.

Due from related parties amounting to SAR 25.1 million at 30 September 2015G, were due from the Arab National Bank in connection to the group life insurance policy.

Due to related parties included balances due to AIG, MetLife-ALICO and the Arab National Bank.

The Company maintains reinsurance arrangements with its founders including AIG, Delaware American Life Insurance Company (wholly owned by MetLife) and American Life Insurance Company (a subsidiary of MetLife).

6-3-3-14 Employee termination benefits

Employees' termination benefits comprise statutory provisions for end of service benefits maintained by the Company, in line with the Ministry of Labor's regulations.

Employees' termination benefits increased from SAR 0.4 million at 31 December 2014G to SAR 0.8 million at 30 September 2015G, as a result of an increase in the total headcount from 45 at 31 December 2014G to 70 at 30 September 2015G.

6-3-3-15 Shareholders' liabilities

The following table presents the shareholders' liabilities as at 31 December 2014G and 30 September 2015G.

Table 6.46: Shareholders' liabilities

| SAR in 000's | As at December | As at September | Increase/ (Decrease) |
|--|----------------|-----------------|---|
| | 2014G Audited | 2015G Unaudited | Δ 31 December 2014G to 30 September 2015G |
| Zakat | - | 550 | - |
| Payables, accruals and others | 1,286 | 799 | (37.9%) |
| Due to insurance operations | - | 6,529 | - |
| Total shareholders' liabilities | 1,286 | 7,878 | 512.5% |

Source: Financial Statements

Zakat

Zakat and income tax are provided for in accordance with the Saudi Arabian fiscal regulations. Zakat and income tax are accrued and charged to the statement of shareholders' comprehensive operations.

The Company has obtained DZIT tax and Zakat restricted certificate for 2014G, which is valid till 30 April 2016G.

Payables, accruals and others

The following table presents the payables, accruals and others of shareholders' operations as at 31 December 2014G and 30 September 2015G.

Table 6.47: Payables, accruals and others

| SAR in 000's | As at December | As at September | Increase/ (Decrease) |
|--|----------------|-----------------|---|
| | 2014G Audited | 2015G Unaudited | Δ 31 December 2014G to 30 September 2015G |
| Remuneration fees | 1,286 | 799 | (37.9%) |
| Total payables, accruals and others | 1,286 | 799 | (37.9%) |

Source: Financial Statements

Payables, accruals and others under shareholders' liabilities comprised accrued board remuneration fees during the reporting period.

6-3-3-16 Shareholders' equity

The following table presents the shareholders' equity as at 31 December 2014G and 30 September 2015G.

Table 6.48: Shareholders' equity

| SAR in 000's | As at December | As at September | Increase/ (Decrease) |
|-----------------------------------|----------------|-----------------|---|
| | 2014G Audited | 2015G Unaudited | Δ 31 December 2014G to 30 September 2015G |
| Share capital | 175,000 | 175,000 | - |
| Accumulated deficit | (54,311) | (78,401) | 44.4% |
| Total shareholders' equity | 120,689 | 96,599 | (20.0%) |

Source: Financial Statements

6-3-3-17 Share capital

The following table presents the Company's share capital as at 31 December 2014G and 30 September 2015G.

Table 6.49: Share capital

| SAR in 000's | As at December | As at September | Increase/ (Decrease) |
|-----------------------------------|----------------|-----------------|---|
| | 2014G Audited | 2015G Unaudited | Δ 31 December 2014G to 30 September 2015G |
| Founding shareholders | 122,500 | 122,500 | - |
| Public | 52,500 | 52,500 | - |
| Total shareholders' equity | 175,000 | 175,000 | - |

Source: Financial Statements

The issued and paid up share capital of the Company is SAR 175.0 million divided into 17,500,000 shares of SAR 10 each.

Accumulated deficit

The Company's accumulated deficit increased from SAR 54.3 million at 31 December 2014G to SAR 78.4 million at 30 September 2015G, due the reported net deficit from insurance operations of SAR 23.3 million in 9m15.

6-3-4 Cash flow statement

6-3-4-1 Statement of insurance operations' cash flows

The following table presents the insurance operations' cash flow during the period from 29 August 2013G to 31 December 2014G as well as the first three quarters of 2014G and 2015G.

Table 6.50: Statement of insurance operations' cash flows

| SAR in 000's | Audited | Unaudited | Unaudited | Increase/ (Decrease) |
|---|---|---------------------------------------|---------------------------------------|--|
| | 29 August 2013G to 31 December 2014G | 1 January to 30 September 2014G | 1 January to 30 September 2015G | Δ nine months 2014G to nine months 2015G |
| Operating activities | | | | |
| Net result for the period | - | - | - | - |
| Adjustment for: | | | | |
| Shareholders' appropriation from the deficit | (20,286) | (12,607) | (23,301) | 84.8% |
| Depreciation | 2,037 | 1,343 | 2,057 | 53.2% |
| Provision for doubtful receivables | 91 | 77 | 1,446 | 1,776.7% |
| Employees' terminal benefits | 383 | 157 | 476 | 203.6% |
| | (17,775) | (11,030) | (19,321) | 75.2% |
| Changes in operating assets and liabilities | | | | |
| Premiums receivable | (3,512) | (1,396) | (46,644) | 3,240.7% |
| Reinsurers' commission receivable | (1,017) | - | - | - |
| Reinsurers' share of outstanding claims | (500) | (98) | (22,083) | 22,433.7% |
| Reinsurers' share of unearned premiums | (3,375) | (1,166) | (26,425) | 2,165.6% |
| Reinsurers' share of mathematical reserves | - | - | (257,856) | - |
| Deferred policy acquisition costs | (470) | (178) | (3,482) | 1,855.4% |
| Prepaid expenses and other assets | (2,844) | (2,711) | (7,925) | 192.3% |
| Gross outstanding claims | 788 | 196 | 28,552 | 14,464.8% |
| Gross unearned premiums | 4,709 | 1,727 | 83,443 | 4,730.5% |
| Gross mathematical reserves | - | - | 257,856 | - |
| Payables, accruals and others | 4,363 | 3,506 | 6,520 | 86.0% |
| Reinsurance balances payable | 3,944 | 960 | 37,524 | 3,807.4% |
| Unearned reinsurance commission income | 881 | 303 | 3,281 | 981.4% |
| Due to related parties | 1,823 | 1,044 | (923) | (188.4%) |
| Due to shareholders' operations | 16,551 | 9,536 | 11,743 | 23.2% |
| Employees' terminal benefits paid | - | - | (13) | - |
| Net cash from operating activities | 3,567 | 692 | 44,248 | 6,294.7% |
| Investing activities | | | | |
| Purchase of property and equipment | (1,328) | (305) | (326) | 7.1% |
| Net cash used in investing activities | (1,328) | (305) | (326) | 7.1% |
| Increase in cash and cash equivalents | 2,238 | 387 | 43,922 | 11,237.1% |
| Cash and cash equivalents at the beginning of the period | - | - | 2,238 | - |
| Cash and cash equivalents at the end of the period | 2,238 | 387 | 46,160 | 11,814.8% |

Source: Company

The Company reported a net cash inflow of SAR 3.6 million from operating activities during the period from 29 August 2013G to 31 December 2014G. Net cash flow from operating activities increased from SAR 0.7 million during the first three quarters of 2014G to SAR 44.2 million during the first three quarters of 2015G. This increase is mainly attributed to a higher cash inflow from premiums written during the first three quarters of 2015G. A significant portion of gross written premiums remained unearned as at 30 September 2015G. Reinsurers' share of premiums payable also remained due as at 30 September 2015G.

Investing activities included the purchase of property and equipment. Net cash used in investing activities amounted to SAR 1.3 million during the period from 29 August 2013G to 31 December 2014G. Cash outflow from investing activities decreased to SAR 0.3 million during the first three quarters of 2015G. This was mainly due to the higher level of capital expenditure which took place during the start-up stages of the Company. Fixed assets' additions were mainly related to leasehold improvement and computer software and hardware.

6-3-4-2 Statement of shareholders' cash flows

The following table presents shareholders' cash flows during the period from 29 August 2013G to 31 December 2014G as well as the first three quarters of 2014G and 2015G.

Table 6.51: Statement of shareholders' cash flows

| SAR in 000's | Audited | Unaudited | Unaudited | Increase/ (Decrease) |
|--|---|---------------------------------------|---------------------------------------|--|
| | 29 August 2013G to 31 December 2014G | 1 January to 30 September 2014G | 1 January to 30 September 2015G | Δ nine months 2014G to nine months 2015G |
| Operating activities | | | | |
| Net loss before Zakat | (43,671) | (18,173) | (23,541) | 29.5% |
| Adjustment for: | | | | |
| Appropriation of deficit from insurance operations | 20,286 | 12,607 | 23,301 | 84.8% |
| Depreciation | 2,979 | 576 | - | (100.0%) |
| Special commission income | (793) | (606) | (325) | (46.4%) |
| Dividends | - | - | (339) | - |
| Employees' terminal benefits | - | 57 | - | (100.0%) |
| | (21,199) | (5,540) | (904) | (83.7%) |
| Changes in operating assets and liabilities | | | | |
| Statutory deposit | (17,500) | (17,500) | (175) | (99.0%) |
| Due from insurance operations | (16,551) | (9,536) | (11,743) | 23.2% |
| Prepaid expenses and other assets | (4) | 1,414 | (56) | (103.9%) |
| Payables, accruals and others | 1,286 | (1,185) | (488) | (58.8%) |
| Due to related parties | (5,292) | (32,499) | - | (100.0%) |
| Zakat paid | (1,243) | - | - | - |
| Net cash used in operating activities | (60,503) | (64,845) | (13,365) | (79.4%) |
| Investing activities | | | | |
| Purchase of property and equipment | (11,742) | (310) | - | (100.0%) |
| Time deposits | (85,000) | - | 85,000 | - |
| Available for sale investment | (3,175) | (3,175) | - | (100.0%) |
| Special commission income received | 683 | 518 | 375 | (27.6%) |
| Net cash used in investing activities | (99,234) | (2,967) | 85,375 | (2,977.1%) |

| SAR in 000's | Audited | Unaudited | Unaudited | Increase/ (Decrease) |
|--|---|---------------------------------------|---------------------------------------|--|
| | 29 August 2013G to 31 December 2014G | 1 January to 30 September 2014G | 1 January to 30 September 2015G | Δ nine months 2014G to nine months 2015G |
| Financing activities | | | | |
| Issue of share capital | 175,000 | - | - | - |
| Transaction costs on issue of share capital | (4,105) | 399 | - | (100.0%) |
| Net cash from financing activities | 170,895 | 399 | - | (100.0%) |
| Increase in cash and cash equivalents | 11,158 | (67,414) | 72,010 | (206.8%) |
| Cash and cash equivalent at the beginning of the period | - | 170,918 | 11,158 | (93.5%) |
| Cash and cash equivalent at the end of the period | 11,158 | 103,504 | 83,168 | (19.6%) |

Source: Company

Cash outflow from shareholders' operating activities decreased from SAR 60.5 million in 2014G to SAR 13.4 million in the first three quarters of 2015G. The decline in cash outflow is largely attributed to a decline in net losses during the first three quarters of 2015G. The decline in cash outflow further resulted from the decrease in payments to shareholders in connection with operational expenditures paid by them during the pre-operating phase.

Cash flow from investing activities was largely influenced by long-term deposits placed with local commercial banks during the period from 29 August 2013G to 31 December 2014G.

Net cash flow from financing activities amounted to SAR 170.9 million during the period from 29 August 2013G to 31 December 2014G. The issuance of share capital represents the main driver of this cash flow.

7. Capitalization

The Share Capital of the Company is one hundred seventy five million Saudi Riyals (SAR 175,000,000) comprising of seventeen million five hundred thousand (17,500,000) Shares with a nominal value of SAR 10 per Share, all of which are fully paid up. The Founding Shareholders had subscribed to 70% of the total Shares and the remaining 30% had been subscribed by the public through an IPO in 2013G.

The Directors confirm that the Company's capital is not covered by any option, and the Company has not given any privileges or preferential Rights to the Founding Shareholders or any other shareholder.

The Company's Extraordinary General Meeting held on 13/05/1437 H (corresponding to 22/02/2016 G), has approved the increase of Share Capital through Rights Issue. The Rights Issue consists of the issuance of seventeen million five hundred thousand (17,500,000) Ordinary New Shares (the "New Shares" or "Rights Issue Shares") at an Offer Price of ten Saudi Riyals (SAR 10) per share ("Offering Price") to increase the Company's Share Capital from one hundred seventy five million Saudi Riyals (SAR 175,000,000) to three hundred fifty million Saudi Riyals (SAR 350,000,000), divided into thirty five million (35,000,000) Ordinary Shares at a nominal value of ten Saudi Riyals (SAR 10) per share.

Table 7.1: Capitalization & Indebtedness

| SAR '000s | 31 December 2014G Audited | 30 September 2015G Unaudited |
|---|---------------------------------|------------------------------------|
| Insurance Operations' Liabilities | | |
| Gross unearned premiums | 4,709.1 | 88,152.2 |
| Gross outstanding claims | 787.5 | 29,339.8 |
| Gross mathematical reserves | - | 257,856.5 |
| Payables, accruals and other | 4,362.9 | 10,883.1 |
| Reinsurance balances payable | 3,944.4 | 40,451.9 |
| Unearned reinsurance commission income | 881.5 | 4,162.5 |
| Due to related parties | 1,822.9 | 899.9 |
| Due to shareholders' operations | 5,028.6 | - |
| Employees' terminal benefits | 382.9 | 845.9 |
| Total insurance operations' liabilities | 21,919.9 | 432,591.8 |
| Shareholders' Liabilities & Equity | | |
| Shareholders' Liabilities | | |
| Zakat | - | 549.8 |
| Payables, accruals and other | 1,286.2 | 798.6 |
| Due to insurance Operations | - | 6,529.3 |
| Total shareholders' liabilities | 1,286.2 | 7,877.6 |
| Shareholders' Equity | | |
| Share Capital | 175,000 | 175,000 |
| Accumulated deficit | (54,310.7) | (78,401.1) |
| Total Shareholders' Equity | 120,689.3 | 96,598.8 |
| Total Shareholders' Liabilities & Equity | 121,975.4 | 104,476.5 |
| Total Insurance Operations' Liabilities & Shareholders' Liabilities & Equity | 143,895.3 | 537,068.3 |

Source: Company's Financial Statements

The Company's Board of Directors, Board's Secretary, and Senior Management confirm that there is no debt instrument issued by the Company or declared and not yet issued. There are no term loans borrowed by the Company and hence no term loan is covered by either a personal guarantee or a mortgage as at the date of this Prospectus.

The Company has no loans or debts, including any overdrafts facilities, liabilities under acceptance, acceptance credit or lease purchase obligations, which are covered or not covered by either a personal guarantee or a mortgage as at the date of this Prospectus.

The Company further declares that:

- There are no mortgages, rights or encumbrances on the Company's properties as at the date of this Prospectus
- It has no commitment, potential indebtedness, contingent liabilities or guarantees as at the date of this Prospectus
- Its capital is not under option as of the date of this prospectus.
- The Company has sufficient working capital for the next 12 months.
- There has been no negative material change for the Company's financial and commercial position since inception to the date of filing and approving the Rights Issue.
- Its Share Capital has not been changed since its incorporation and has remained at one hundred seventy five million Saudi Riyal (SAR 175 million) since inception.

8. Dividend Policy

The Company's policy for dividends distribution complies with the provisions of the Law on Supervision of Cooperative Insurance Companies and its Implementing Regulations as well as the provisions of the Company's By-Laws approved by the Constitutional Assembly. Article (44) of the Company's By-Laws defines the Company's dividend policy as follows:

- Zakat and income tax allocations are to be withheld;
- 20% of the net profits shall be withheld to form a statutory reserve, The Ordinary General Assembly may discontinue this allocation when the said reserve reaches one hundred percent of the Company's paid-up capital;
- 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;
- The balance shall be paid to the Shareholders as an initial payment of not less than 5% of the paid-up Capital;
- The remaining shall be distributed among the Shareholders as a share in the profits or transferred to Retained Earnings Account; and
- By resolution of the Board of Directors, periodic profits to be deducted from the annual profits may be distributed in accordance with applicable rules and regulations issued by competent authorities such as SAMA and MOCI.

The Company's policy also complies with Paragraph (5) of Article 43 (First) of the Company's By-Laws which stipulates that 10% of the surplus shall be directly distributed to the insured persons or be deducted from their premiums for the following year and the remaining 90% be carried-over to the Shareholders' Income Account.

It should also be noted that the Company has not declared any dividends distribution since its incorporation until the date of this Prospectus due to its accumulated losses (lack of distributable dividends).

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

9. Capital Structure

The Company's share capital is (SAR 175,000,000) one hundred seventy five million Saudi Riyals consisting of (17,500,000) seventeen million and five hundred thousand ordinary cash shares at an equal nominal value of (SAR 10) ten Saudi Riyals per share, all of which are fully paid. The Founding Shareholders have subscribed to (12,250,000) twelve million and two hundred fifty thousand shares representing (70%) of the Company's share capital, at an equal nominal value of (SAR 10) ten Saudi Riyals per share, amounting to (SAR 122,500,000) one hundred twenty two million and five hundred thousand Saudi Riyals and paid their value in full, while the public subscribed to (5,250,000) five million and two hundred fifty thousand shares, at an equal nominal value of (SAR 10) ten Saudi Riyals per share, amounting to (SAR 52,500,000) fifty two million and five hundred thousand Saudi Riyals representing (30%) of the Company's Share Capital that were offered for public subscription in 2013G.

The directors, members of the Board of Directors, declare that the Company's share capital is not subject to option/preferential rights and that the Company has not given any privileges or preferential rights to the Founding Shareholders or other shareholders (except as mentioned in Section 14, Legal Information "Shareholders Agreement").

The Company has recently obtained SAMA's approval under letter No. (361000144425) dated 16/11/1436H (corresponding to 01/08/2015G) to increase its share capital by (SAR 170,000,000) one hundred seventy million Saudi Riyals through the Rights Issue Offering. Upon completion of the Offering the Company's share capital will become (SAR 350,000,000) three hundred fifty million Saudi Riyals consisting of (35,000,000) thirty five million shares with nominal value of (SAR 10) ten Saudi Riyals per share.

08/07/1436H (corresponding to 27/04/2015G), the Company's Board of Directors has recommended to increase the capital to meet its solvency requirements. The EGM held on 13/05/1437 H (corresponding to 22/02/2016 G) has approved the recommendation of the Board of Directors to increase the capital as mentioned and the subscription therein will be limited to shareholders registered at the end of the trading day of the EGM (Eligibility Date).

The following table depicts the substantial Shareholders in the Company who holds more than 5% of the Company's share capital:

| Shareholders | Ownership Percentage before the Offering | No. of Shares | Value (SAR) |
|---------------------------------|--|---------------|-------------|
| American Life Insurance Company | 30.00% | 5,250,000 | 52,500,000 |
| Arab National Bank | 29.94%* | 5,240,000 | 52,400,000 |
| AIG MEA Investment & Services | 10.00% | 1,750,000 | 17,500,000 |

Source: Company

* It is worth mentioning that pursuant to the Shareholders Agreement (detailed in Section 14, Legal Information "Summary of Material Contracts"), the Founding Shareholders agreed that. Abdullatif Bin Hamad Mohamed AlJabr and Salah Rashed Abdulrahman AlRashed 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.

It is worth mentioning that the substantial Shareholders above have pledged their commitments to participate in the capital increase through the issuance of rights. They have confirmed to the Company and SAMA their commitment to exercise all the rights to be allocated to them and subscribe to the New Shares.

Other than obtaining the approval of the SAMA and the CMA, there is a lock-in period restriction on the substantial Shareholders with respect to trading in the Rights subscribed by them and that will continue to apply until the expiry of the lock-in period.

9-1 CMA's Regulations Regarding the Accumulated Losses

CMA's board resolution No. (4-48-2013) dated 15/1/1435H (corresponding to 18/11/2013G) approved the procedures and instructions regarding the listed companies which are suffering from accumulated losses exceeding 50% and less than 75% of the paid up capital. In this event, any listed company that falls under this category will have to announce its financial statements on a monthly basis and prepare them in no later than ten days following the end of each month. A yellow flag will also appear next to the company's name on Tadawul system to indicate that situation.

Failure of Company to comply with the required reports, may expose it to accountability and penalty, which will lead to negative impact on the Company's business and results of operations.

In case the company's losses exceeded 75% and less than 100% of its capital, its shares trading would be suspended for one trading session following its announcement on Tadawul website, and clearing within two working days for two full fiscal years following that fiscal year in which the accumulated losses of the company reached 75 % or more of its capital. In addition, the company should develop and announce a plan for adjusting its situation within a period not exceeding 90 calendar days following the announcement. Details of the plan implementation will be announced on quarterly basis, and the company shall announce its financial statements on a monthly basis no later than 10 days following the end of each month.

In case the company's losses exceeded 100% of its Capital, its shares trading would be suspended on Tadawul and dealing would be through the Depository Center, and clearing would be made within two working days for two full fiscal years under the same conditions of announcement of monthly financial statements and announcement of work plan mentioned above if the company's losses were between 75% and 100% of its capital.

10. Description of Capital and Shares

10-1 Capital

The Company's share capital is one hundred seventy five million Saudi Riyals (SAR 175,000,000) consisting of seventeen million and five hundred thousand ordinary Shares (17,500,000) at an equal nominal value of ten Saudi Riyals per share (SAR 10), all of which are fully paid. The Founding Shareholders have subscribed to twelve million and two hundred fifty thousand Shares (12,250,000) representing (70%) of the Company's share capital, at an equal nominal value of ten Saudi Riyals (SAR 10) per share, amounting to one hundred twenty two million and five hundred thousand Saudi Riyals (SAR 122,500,000) and paid their value in full, while the public subscribed to five million and two hundred fifty thousand Shares (5,250,000) representing (30%) of the Company's Share Capital at an equal nominal value of ten Saudi Riyals (SAR 10) per share.

The Company's capital is not subject to any option/preferential rights except as mentioned in Section 14 "Legal Information" - "Shareholders Agreement".

10-2 Capital Increase

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 (for further information about the Rights Issue mechanism, kindly refer to Section 18 Subscription Terms and Conditions" in the Rights Issue shares").

10-3 Decrease of Capital

By virtue of a resolution from the Extraordinary General Assembly, and after obtaining the approval of the competent authorities, the Company may reduce its capital if it proves to be in excess of the Company's needs or if the Company sustains losses. 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 sixty (60) 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.

10-4 Repurchase of Shares

The Company's Bylaws did not regulate the redemption or repurchase of the Company's Shares by the Company. Therefore, it should be referred to Article 10 of the Companies Regulations which does not allow joint stock companies to purchase its shares except for the following purposes:

- If the repurchase purpose is to dispose these shares as per the conditions set out in Article 104 of the Companies Regulations which stipulates that the bylaws of the company may provide for the disposition of shares during the duration of the company if it is a project that perishes gradually or temporary rights-based.
- If the repurchase purpose is to reduce the capital.
- If the shares constitute part of a package of funds' acquisition that the company buys with their assets and liabilities.

With the exception of the shares provided by the directors to guarantee their responsibilities while serving on the Board of Directors, the Company may not mortgage its shares. Moreover, the shares that are held by the Company will not have any voting rights in the deliberations of shareholders meetings.

10-5 Transfer of Shares

The Company's shares are tradable in accordance with the rules and regulations issued by CMA. However, 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 14 Legal Information “Summary of Material Contracts”) to a five (5) year Lock-in Period from the date of the Company’s incorporation. Further, Shares may be transferred during the lock-in period in accordance with terms governing the sale and purchase of shares from one Founding Shareholder to another Founding Shareholders or to a member of the board of directors (as guaranty shares) or from the heirs of any Founding Shareholders - in case of his death – to a third party.

10-6 Shareholders Rights

Each Shareholder owning at least twenty (20) 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.

10-7 Voting Rights

Each Shareholder owning at least twenty (20) 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 Bylaws, 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.

10-8 Rights to the Dividends

Shareholders’ profits will be from the returns of Shareholders’ funds investment according to the rules set forth by the Board. Shareholders’ share of the surplus will be as stated in paragraph 5 of Article 43 of the Company’s By-Laws which stipulates the distribution of the net surplus by either distributing 10% to the insured directly or reduce their premiums for the next year and 90% shall be carried forward to the Shareholders income accounts. Dividends shall be distributed to Shareholders as follows:

- Set aside the determined Zakat and Income Tax.
- 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.
- 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.
- Part of the balance remains after withheld to the statutory reserve shall be distributed to the Shareholders as an initial payment which shall represent not less than 5% of the paid-up capital.
- The remaining shall be distributed among the Shareholders as a share in the profits or transferred to Retained Earnings account.
- By resolution of the Board of Directors, periodic profits to be deducted from the annual profits referred to herein above, may be distributed in accordance with applicable rules and regulations issued by competent authorities such as SAMA and Ministry of Commerce and Industry. No dividends have been distributed up to the date of this Prospectus due to accumulation of losses during the previous years.

10-9 Shareholders General meetings

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 Board of Directors must require a General Assembly to convene if so required by the Company's auditors or a number of the shareholders owning at least 5% of the Share Capital. The General Directorate of Companies at the Ministry of Commerce may, if the Board of Directors has not summoned such assembly within one month from the date set for the convening thereof, at the request of a number of shareholders representing at least 2 per cent of the share capital of the Company, or upon a decision of the Minister of Commerce, call for such meeting.

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.

10-10 Duration of the Company

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.

10-11 Dissolution and Winding up of the Company

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 By-Laws.

11. Use of Proceeds

11-1 Net Proceeds

The total gross proceeds from the Offering are one hundred seventy five million Saudi Riyals (SAR 175 million), of which approximately six million Saudi Riyals (SAR 6 million) are expected to be the expenses relating to the Offering, including fees of the Financial Advisor, Legal Advisor and Reporting Accountants, in addition to the Receiving Banks, Lead Manager, Underwriter, the marketing expenses, printing and distribution expenses and other Offering related expenses.

The net proceeds of the Offering are hence expected to be approximately one hundred sixty nine million Saudi Riyals (SAR 169 million), after deducting all the expenses related to the Offering. The Company intends to use these proceeds to cover the solvency requirements based on current and future requirements. The Company's Shareholders will not receive any proceeds resulting from the Offering.

In line with the requirements of Article (30), Paragraph (C) of the Listing Rules, the Company will submit a quarterly report on the details of its use of the Offering Proceeds of the Rights Issue. The Company will announce to the public the developments of the use of the Offering Proceeds.

11-1-1 Use of Net Proceeds

Insurance companies in the Kingdom of Saudi Arabia practice their business in accordance with the Insurance Law and its Implementing Regulations as amended by SAMA from time to time.

As per the above law and regulations, the Company in respect of General and Health insurance business is required to maintain a minimum solvency margin that is no less than the following three amounts:

- Minimum Capital Requirement
- Premium Solvency Margin
- Claims Solvency Margin

As an exception to the preceding, Premium Solvency Margin, method shall be used to calculate the solvency margin for the first three years of the company's registration.

The Company is also required to maintain the solvency margin for Protection and Savings insurance business which shall be determined by taking the aggregate result arrived through the calculation described below:

- Four percent (4%) of the technical provisions for the protection and saving direct insurance
- Three per thousand (3/1000) of the Capital at Risk for individual policies after the deduction of reinsurance cessions, provided that the reinsurance amount do not exceed 50% of the total Capital at Risk.
- One per thousand (1/1000) of the Capital at Risk for group policies after the deduction of reinsurance cessions, provided that the reinsurance amount do not exceed 50% of the total Capital at Risk.

The total solvency margin requirement for the Company is the combination of General Health insurance margin requirement plus the margin requirements of Protection and Saving, which together should not be less than hundred million Saudi Riyals (SAR 100 million) starting from August 2016, upon expiry of its three years period from the date of incorporation.

The Company needs to maintain Net Admissible Assets at a minimum of the above mentioned total solvency margin requirement. This requirement translates into a necessity to maintain a minimum Solvency Margin for Cover (Net Admissible Assets divided by Minimum Solvency Margin) of 100%.

The Company targets to maintain a Solvency Margin Cover of no less than 125% for operational contingencies.

As of 30th September 2015, the Company's Solvency Margin Cover position was as follows:

Table 11.1: Solvency Margin Cover as at 30th September 2015

| Particulars | SAR '000 |
|--|----------|
| Required Margin (General and Health Insurance) | 15,165 |
| Required Margin (Protection and Savings) | 16,263 |
| Total Required Margin | 31,428 |
| Minimum Capital Requirement* | - |
| Total Required Minimum Margin | 31,4280 |
| Net Admissible Assets | 59,670 |
| Solvency Margin Cover (%) | 189.9% |

Source: The Company

*Minimum Capital Requirement is SAR 100mn but it is not applicable to the Company till August 2016 as per Implementing Regulation of SAMA

The main objective of increasing the Capital by one hundred and seventy five million Saudi Riyal (SAR 175 million) in 2016 is to improve the Company's overall Capital and solvency position for the coming two to three years and to provide enough buffer for deviation from the assumptions on the downside while still showing profitable or breakeven results.

The new Capital would help the Company not only to maintain the minimum capital requirement of hundred million Saudi Riyal (SAR 100 million) which will be applicable after three years of the Company's incorporation (i.e., in August 2016) as per the SAMA rules but also to cover the Minimum Solvency Margin requirement which is expected to increase in the following years due to the expected growth in business volume.

By the end of 2015, the accumulated losses are projected to reach 51% of Share Capital and this will require additional disclosure and reporting requirement per the regulations issued by CMA. Increasing Capital in early 2016 would help the Company reduce the accumulated losses to below 50% and relieve the Company from the additional reporting and compliance requirements.

The net proceeds of the Offering of approximately one hundred sixty nine million Saudi Riyals (SAR 169 million) are proposed to be used to shore up the Net Admissible Assets and Solvency Margin Cover of the Company based on current and future requirements. The table below shows the expected contribution of the net proceeds in maintaining the Solvency Margin Cover at a percentage not less than 125% over the next few years:

Table 11.2: Expected Solvency Margin Cover and Accumulated Losses

| SAR Millions | 2014G | 2015G | 2016G | 2017G | 2018G | 2019G |
|--|------------|-------------|-------------|-------------|--------------|--------------|
| Required Margin (General and Health Insurance) | 0.7 | 13.6 | 25.1 | 40.6 | 61.7 | 80.4 |
| Required Margin (Protection and Savings) | - | 11.7 | 21.8 | 32.1 | 50.5 | 70.8 |
| Total Required Margin | 0.7 | 25.3 | 46.9 | 72.7 | 112.2 | 151.2 |
| Minimum Capital Requirement* | - | - | 100 | 100 | 100 | 100 |
| Total Required Minimum Margin | 0.7 | 25.3 | 100 | 100 | 112.2 | 151.2 |
| Before Offering: | | | | | | |
| Net Admissible Assets | 107.0 | 79.6 | 53.3 | 38.4 | 40.6 | 60.9 |
| Solvency Margin Cover (%) | 14,849% | 315% | 53% | 38% | 36% | 40% |
| Accumulated Losses | 31% | 51% | 65% | 72% | 71% | 61% |
| After Offering: | | | | | | |
| Net Admissible Assets | n/a | n/a | 224.2 | 209.4 | 211.9 | 232.6 |
| Solvency Margin Cover (%) | n/a | n/a | 224% | 209% | 189% | 154% |
| Accumulated Losses | n/a | n/a | 34% | 37% | 37% | 32% |

Source: The Company

11-2 Proposed Investment Plan

In compliance with the Insurance Law, the statutory deposit should represent 10% of the paid up capital. Hence, the Company will deploy seventeen million five hundred thousand Saudi Riyal (SAR 17.5 million) from the net proceeds of the Offering as a statutory deposit taking the total statutory deposit value to thirty five million Saudi Riyal (SAR 35.0 million).

The Company intends to use the net proceeds (after deducting the statutory deposit and offering expenses) for investments as allowed by the regulations. The investment amount is estimated to be one hundred and fifty one million Saudi Riyal (SAR 151 million) and the investment portfolio will include short-term investments, securities and long-term Investments.

Table 11.3: Investment Structure

| Nature of Investment | Amount in SAR Million | % of the Total |
|--|-----------------------|----------------|
| Investments in Short Term Portfolios | 100.0 | 66% |
| Investment in Long Term Instruments and Investments | 51.5 | 34% |
| Total Net Offering Proceeds After Statutory Deposit | 151.5 | 100% |

Source: The Company

12. Declarations Related to Directors, Senior Management Executives and the Secretary of the Board of Directors

As of the date of this Prospectus, the Company's Board members, Senior Executives and Secretary of the Board declare that:

- Other than what has been disclosed in Section 5.2 of the Prospectus with regards to the direct and indirect ownership in the Company, the Board of Directors, Senior Management team and the Secretary to the Board and their relatives declare that they do not have any direct or indirect ownership interest in the Company;
- There has been no interruption in the Company's business that may influence or have a significant impact on its financial situation during the last (12) twelve months;
- No commissions, discounts, brokerages or other non-cash compensations were granted by the Company from the date of its incorporation and preceding the date of submitting the admission and listing application thereof in connection with the issuance or offering of any securities;
- There has been no material adverse change in the financial or trading position of the Company from the date of its incorporation and preceding the date of submitting the admission and listing application thereof, as well as the period covered by the external auditor's report up to the date of approval of this Prospectus;
- Notwithstanding the content of Section 14 "Legal Information - Contracts with Related Parties" of this Prospectus, the Board members or any of their relatives do not have any shares or interests of whatever kind in the Company, other than what has already been covered in the Prospectus
- None of the Board of Directors' members or proposed members of the Board of Directors, senior management officers or the secretary of the Board of Directors who have an administrative or supervisory post has been subject to any insolvency during the last five years.
- The Board of Directors declare that they have never been subject to bankruptcy or being in the process of bankruptcy;
- The Board of Directors declare that they have not served as a board member on any company that has declared bankruptcy during the last five years;
- Notwithstanding the disclosure contained in "Section 14 - Legal Information - Contracts with Related Parties" of this Prospectus, neither the Board of Directors members nor senior executives or they relatives have any material interest in any contract, other than what has already been disclosed in the Prospectus or whatever arrangement that is effective or contemplated to be concluded relating to the Company's business upon submitting this Prospectus;
- The audited financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) and audited in conformity with SOCPA approved accounting standards, and the Board of Directors declares that all information has been fairly disclosed;
- The Company does not grant any cash loan or collaterals to loan for any of its Board of Directors members and a third party in compliance with Article 71 of the Companies Regulations;
- Notwithstanding the disclosure contained in Section 14 "Legal Information" herein, there is no debt instrument or any encumbrances as at the date of this Prospectus and neither the Company's assets are under option;
- Not engaging into a competition against the Company's business nor dealing with the related parties;
- They are strictly in compliance with Article 69 and 70 of the Companies Regulations and relevant provisions, particularly Article 18, of the Corporate Governance Regulations;
- The Company's By-Laws does not grant any power enabling a Director, Senior Executive or the Board's Secretary to vote on a contract or proposal in which they or any of their relatives have a personal interest, or enabling them to vote remuneration to themselves or allowing their relatives to borrow from the Company;
- The Board of Directors declare that the Company as of the date of the Prospectus has no business activity outside the Kingdom of Saudi Arabia;
- There are no policies pursued or critical information relating to research and development of new products applied since the inception of the Company and immediately preceding the date of this Prospectus. Further, with the exception of what is mentioned in Section 5 "Company's Organization Structure", there are no existing or proposed employment contracts currently for the Board of Directors members as of the date of this Prospectus;
- The Board of Directors members declare that there has been no amendments to the Company's capital. It has neither been increased nor decreased since the incorporation of the Company;
- The Board members declare that the Company is processing the revision of the translation of all insurance policies in compliance with Article 52 of the Implementing Regulations of the Insurance Companies Control Law;
- The Board of Directors declares that, as of the date of this Prospectus, the Company is not affiliated to a group of companies to exercise any business outside the Kingdom of Saudi Arabia;
- The Board members declare that all contracts that may affect the decision of the subscribers for the Company shares have been disclosed;
- The Board members declare that all terms and conditions that may affect the decision of the subscribers for the Company shares have been disclosed;
- The Board members declare that all transactions, arrangements and contracts with the related parties have been disclosed;
- The Board members declare that there is no intention to enter into any contracts with the related parties, other than what have already been disclosed in the Prospectus;

- The Founding Shareholders whose names appear in the Prospectus as owners are the legal and beneficiary owners of the Company; other than the arrangement between Arab National Bank and Abdullatif Bin Hamad Mohamed Al-Jabr and Salah Rashed Abdulrahman Al-Rashed, who hold Shares on behalf of ANB, who is the beneficial owner of the Shares since the inception of the Company. For more details, please refer to Section 14 "Legal Information - Shareholder's Agreement".
- There is not any conflict of interests in the Company activities between the Company and any Board member, other than what has already been disclosed in the Prospectus;
- The internal, accounting and IT systems and controls have been prepared on sound foundations where the Company has developed a written policy governing conflicts of interest and addressing the potential conflicts, including the misuse and abuse of assets resulting from transactions with related persons. This in addition to ensuring the safety of financial and operational systems as well as ensuring the application of appropriate supervisory risk management systems according to the requirements of Article 10 of Corporate Governance Regulations. The members of the Board of Directors declare also that there is an annual review of internal control procedures of the Company.
- The Board of Directors declare that currently it has no any staff share plan or any other arrangements grating the employees any interest in the share capital.

Directors' declarations related to the financial statements:

- Section (6) of this Prospectus "The Management Discussion & Analysis of the Company's Financial Position and Results of Operations" was prepared by the Company's management and approved by its Board of Directors. The Board of Directors members declare that there is no material change that will have impact on the financial statements and future forecasts as of the date of this Prospectus; and
- The Board of Directors is fully responsible for the accuracy and credibility of financial information and analyses, and confirms it has taken all required measures and procedures and made full and fair discourses. There is no information or other papers whose omission may cause these financial data and information to be misleading in any way.

13. Summary of the Company's By-Laws

The Company's By-Laws include the following items. Users must not rely completely on this Summary rather than the complete version of the by-laws will be available for inspection at the Company's Head office. There are many procedures that require SAMA's approval including but not limited to increase or decrease of capital, dividends distribution, and transfer of Founding Shareholder's shares, merger with other companies, company liquidation and appointment of directors. Following is a summary of the Company's By-Laws:

13-1 Incorporation

A Saudi Joint Stock Company shall be incorporated between the Shareholders according to the Provisions of the Cooperative Insurance Control Law, the Companies Regulations and their Implementing Regulations, the By-Laws and the following terms.

13-2 Name of Company

The Company changed its name from "American International Group & Arab National Bank Cooperative Insurance Company" to "MetLife AIG ANB Cooperative Insurance Company" on 09/09/1434H (corresponding to 08/07/2013G) following the approval in the Constituent General Assembly meeting.

13-3 Objectives of the Company

The objective of the Company is to engage in cooperative insurance operations and all related activities, such as 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.

13-4 The Company's Head Office

The Company's head office is located in the city of Riyadh.

13-5 Duration 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.

13-6 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).

13-7 Decrease of 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 anyone 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.

13-8 Shares Trading

All shares of the Company are tradable in accordance with CMA rules, regulations & instructions. Exceptionally, shares issued for cash subscribed by the Founding Shareholders are not tradable before publication of the financial statements for at least two consecutive years each of which is 12 months with effect from the incorporation date of the Company. These provisions are applicable to the Founding Shareholders' subscriptions in case of the capital increase before expiry of the restriction period. However, cash shares may be traded during the restriction period in compliance with the Rights selling provisions from one founder to another or to any Board member to serve as qualification shares or from the heirs of any Founding Shareholders to any third party in case of death. The Board of Directors is entitled, after the competent authorities approval when exercising the right for attachment of shares offered as a guarantee from the board members in exchange for contracts that arise between them and the Company, to sell them provided that the debt is due for payment and after a second call sent by a registered mail to the debtor, the owner of the shares, asking him to pay the debt within two weeks. If he fails to do so, the Board shall be entitled to sell them through the "Exchange" and repay the price of the shares sold to settle all debt and obligations required by the Company. The balance (if any) shall be paid to the shareholder, his sponsor, will administrator or heirs.

13-9 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 Company may, after obtaining SAMA's approval, conclude a technical service management agreement with one or more of the qualified companies in the insurance industry for five renewable years or for other terms as decided by the Board.

13-10 Vacancies in the Board of Directors

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; or in case of his absence from more than three consecutive meetings without acceptable reason to the Board of Directors; if a judgment issued for declaration of his bankruptcy or insolvency; if he submits petition for settlement with his creditors; ceases to payoff his debts; becomes unconscious; suffers mental sickness; commits an act of dishonesty and immorality or condemned of fraud/forgery. 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.

13-11 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).

13-12 The Board's remuneration

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.

13-13 Chairman, Managing Director and Corporate Secretary

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. 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.

13-14 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.

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

13-15 Minutes of the Board Meetings

Minutes of the Board deliberations and resolutions shall be recorded, signed off by the Chairman and Corporate Secretary and kept in a special register signed by both the Chairman and Corporate Secretary.

13-16 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.

13-17 Executive Committee

The board of directors shall form an executive committee consisting of not less than three (3) members and not more than five (5) members. The executive committee members shall appoint from among them a chairman to chair the committee meetings, and in his absence the committee may select an ad-hoc chairman from among its present members. An executive committee member may appoint another member who has a voting Right his proxy for three meetings only. The membership term of the executive committee shall be the same as of the board and the board shall fill the vacancy in the Executive Committee. In addition to any instructions made by SAMA or the Board of Directors, the Executive Committee shall assume all powers prescribed by SAMA or the Board. The Executive Committee shall assist the managing director or general manager, within the powers entrusted to them. The meeting of executive committee shall not have a quorum unless attended by at least two members in presence or by way of proxy provided the number of members attending in person is not less than two. Resolutions of the executive committee shall be passed unanimously, and in case of disagreement resolutions will be passed by the majority of three quarters of the members attending in person or by proxy. The committee holds its meetings from time to time as deemed necessary by its chairman, however it should meet at least six times a year. The executive committee meeting shall also be held if so requested by two members at least. The resolution will be passed if approved in writing by two members of the committee.

13-18 Shareholders General Assembly

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.

13-19 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. Except for matters falling within the jurisdiction of the Extraordinary General Meeting, the Ordinary General Meeting shall have jurisdiction to deal with all matters that concern the Company. It shall be held at least once a year within six months following the end of the Company's financial year. Other Ordinary General Meetings may be convened whenever needed.

13-20 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. The Extraordinary General Meeting shall have jurisdiction to amend the By-Laws except the provisions that may not be amended under the relevant Law. It may pass resolutions on matters falling within the jurisdiction of the Ordinary General Meeting subject to the same conditions and in the same manner prescribed for the latter.

13-21 General Assembly Resolutions

Resolutions of the constituent assembly and Ordinary General Assembly shall be adopted by an absolute majority vote 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 the period specified therefore in its By-Laws 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.

13-22 Auditors

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 By-Laws and his opinion as to the extent in which the Company's accounts are in conformity with the facts.

13-23 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.

13-24 Distribution of Dividends

The Company's annual net 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, (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 and (6) By resolution of the Board of Directors, periodic profits, deducted from the annual profits, may be distributed in accordance with applicable rules and regulations issued by competent authorities.

13-25 The Company's 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.

13-26 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.

13-27 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 By-Laws.

14. Legal Information

14-1 Incorporation, Licenses and Approvals under which the Company operates

In line with Article 3 of the Cooperative Insurance Law, MetLife AIG ANB Cooperative Insurance Company was incorporated under SAGIA license No. (1029331024022) dated 22/10/1433H (09/09/2012G), the Royal Decree No. M/22 dated 15/04/1431H (31/03/2010G), Council of Ministers resolution No. 119 dated 13/04/1431H (29/03/2010G), Ministerial resolution No. 243/Q dated 22/10/1434H (29/08/2013G) declaring incorporation of the Company and SAMA License No. TMN/35/20142 dated 26/04/1435H (26/02/2014G). Accordingly, the Company was licensed to conduct insurance business including the principal insurance services offered by the Company, namely: (1) general insurance, (2) health insurance and (3) life insurance. The Company conducts its business in accordance with the Cooperative Insurance Law and Implementing Regulations as well as other laws and regulations in force in the Kingdom of Saudi Arabia under the supervision of SAMA. The Company was registered as a public joint-stock company in Riyadh under the Commercial Registration Certificate No. (1010391438) issued in Riyadh on 22/10/1434H (27/10/2013G). The Company has obtained all licenses required to conduct its business under the applicable laws and regulations. These licenses are as follows:

Table 14.1: Licenses obtained by the Company

| License Type | Object | License No. | Date of Issue | Date of Expiry | Licensor |
|---|---|----------------|------------------------------|------------------------------|---|
| Foreign investment license | Insurance services | 1029331024022 | 22/10/1433H (09/09/2012G) | 18/10/1437H (23/07/2016G) | SAGIA |
| Commercial Registration Certificate | Registering the Company with the Commercial Register Department (Joint Stock Companies) | 1010391438 | 22/12/1434H (27/10/2013G) | 22/12/1439H (02/09/2018) | Ministry of Commerce and Industry – Commercial Register office in Riyadh city |
| Commercial Registration Certificate | Registering the Company's Jeddah branch with the Commercial Register Department in Jeddah (Branch of Joint Stock Companies) | 4030285792 | 27/01/1437H (09/11/2015G) | 18/10/1437H (23/07/2016G) | Ministry of Commerce and Industry – Commercial Register office in Jeddah |
| Chamber of Commerce and Industry Membership Certificate | Company observance of the commercial registration rules which make an obligation upon the Company to have the Chamber of Commerce and Industry membership | 228486 | 18/01/1437H (31/10/2015G) | 18/10/1437H (23/07/2016G) | Jeddah Chamber of Commerce and Industry |
| Permit to conduct insurance business | To conduct general, health and life insurance | TMN/35/20142 | 26/04/1435H (26/02/2014G) | 26/04/1438H (23/01/2017G) | Saudi Arabian Monetary Agency (SAMA) |
| Social Insurance Certificate | Company adherence to GOSI laws and regulations | 19106795 | 09/11/1436H (24/08/2015G) | 09/05/1437H (18/02/2016G) | General Organization for Social Insurance (GOSI) |
| Zakat & Income Tax Certificate | Statement that the Company has submitted its annual declaration and met its obligations as to the payment of zakat | 11746 | 06/09/1436H (23/06/2015G) | 23/07/1437H (30/04/2016G) | Department of Zakat and Income Tax (DZIT) |
| Saudization Certificate | Confirming the Company's compliance with Netaqat program which requires companies operating in the Kingdom to employ a specific percentage of Saudi nationals | 20001510055277 | 13/01/1437H (26/10/2015G) | 16/04/1437H (26/01/2016G) | Ministry of Labour (Labour office) |

| License Type | Object | License No. | Date of Issue | Date of Expiry | Licensor |
|--|--|--------------|------------------------------|------------------------------|---|
| The Council of Cooperative Health Insurance (qualifying the Company) | Qualifying license to conduct the business of Cooperative Health Insurance | 135/3531 | 16/01/1436H (09/11/2014G) | | The Council of Cooperative Health Insurance |
| Approval to offer insurance products | Final approval to market and sell SME Office | 361000152262 | 04/12/1436H (17/09/2015G) | | SAMA |
| Approval to offer insurance products | Final approval to market and sell SME Clinicare | 361000152244 | 04/12/1436H (17/09/2015G) | | SAMA |
| Approval to offer insurance products | Final approval to market and sell SME Food & Beverage | 361000152266 | 04/12/1436H (17/09/2015G) | | SAMA |
| Approval to offer insurance products | Final approval to market and sell SME Retail Business | 361000152242 | 04/12/1436H (17/09/2015G) | | SAMA |
| Approval to offer insurance products | Final approval to market and sell SME Personal Care | 361000152269 | 04/12/1436H (17/09/2015G) | | SAMA |
| Approval to offer insurance products | Final approval to market and sell SME Educare | 361000152256 | 04/12/1436H (17/09/2015G) | | SAMA |
| Approval to offer insurance products | Final approval to market and sell Motor Comprehensive | 361000130641 | 12/10/1436H (28/07/2015G) | | SAMA |
| Approval to offer insurance products | Final approval to market and sell Motor TPL | 361000130592 | 12/10/1436H (28/07/2015G) | | SAMA |
| Approval to offer insurance products | Final approval to market and sell Motor Comprehensive Commercial Fleet Insurance | 361000130651 | 12/10/1436H (28/07/2015G) | | SAMA |
| Approval to offer insurance products | Final approval to market and sell Group Medical | 351000140928 | 16/11/1435H (11/09/2014G) | | SAMA |
| Approval to offer insurance products | Final approval to market and sell Employee Benefit (Group Life Products) | 351000140932 | 16/11/1435H (11/09/2014G) | | SAMA |
| Approval to offer insurance products | Temporary approval to market and sell Group Travel | 361000152352 | 04/12/1436H (17/09/2015G) | 04/06/1437H (13/03/2016G) | SAMA |
| Approval to offer insurance products | Temporary approval to market and sell Extended Warranty (Home & Plus products) | 361000152235 | 04/12/1436H (17/09/2015G) | 04/06/1437H (13/03/2016G) | SAMA |
| Approval to offer insurance products | Temporary approval to market and sell Tenant Shield (Home & Plus products) | 361000152229 | 04/12/1436H (17/09/2015G) | 04/06/1437H (13/03/2016G) | SAMA |
| Approval to offer insurance products | Temporary approval to market and sell Travel Guard | 361000152336 | 04/12/1436H (17/09/2015G) | 04/06/1437H (13/03/2016G) | SAMA |
| Approval to offer insurance products | Temporary approval to market and sell Marine Cargo Annual Open Cover | 361000152326 | 04/12/1436H (17/09/2015G) | 04/06/1437H (13/03/2016G) | SAMA |
| Approval to offer insurance products | Temporary approval to market and sell Comprehensive General Liability Insurance | 361000152273 | 04/12/1436H (17/09/2015G) | 04/06/1437H (13/03/2016G) | SAMA |
| Approval to offer insurance products | Temporary approval to market and sell Home Care (Home & Plus products) | 361000152346 | 04/12/1436H (17/09/2015G) | 04/06/1437H (13/03/2016G) | SAMA |
| Approval to offer insurance products | Temporary approval to market and sell Home Alone (Home & Plus products) | 361000152358 | 04/12/1436H (17/09/2015G) | 04/06/1437H (13/03/2016G) | SAMA |

| License Type | Object | License No. | Date of Issue | Date of Expiry | Licensor |
|--------------------------------------|--|--------------|------------------------------|------------------------------|----------|
| Approval to offer insurance products | Temporary approval to market and sell Plastic Cards Insurance (Financial Lines products) | 361000152272 | 04/12/1436H (17/09/2015G) | 04/06/1437H (13/03/2016G) | SAMA |
| Approval to offer insurance products | Temporary approval to market and sell Property All Risk Insurance and Business Interruption (Commercial Property products) | 361000152239 | 04/12/1436H (17/09/2015G) | 04/06/1437H (13/03/2016G) | SAMA |
| Approval to offer insurance products | Temporary approval to market and sell Erection All Risks Insurance (Energy & Engineering products) | 361000152340 | 04/12/1436H (17/09/2015G) | 04/06/1437H (13/03/2016G) | SAMA |
| Approval to offer insurance products | Temporary approval to market and sell Contractors all Risks (Energy & Engineering products) | 361000152338 | 04/12/1436H (17/09/2015G) | 04/06/1437H (13/03/2016G) | SAMA |
| Approval to offer insurance products | Temporary approval to market and sell Workmen's Compensation / Employers Liability Insurance | 361000152276 | 04/12/1436H (17/09/2015G) | 04/06/1437H (13/03/2016G) | SAMA |
| Approval to offer insurance products | Temporary approval to market and sell Financial Institution Professional Indemnity | 361000152305 | 04/12/1436H (17/09/2015G) | 04/06/1437H (13/03/2016G) | SAMA |
| Approval to offer insurance products | Temporary approval to market and sell Director's and Officer's Liability | 361000152481 | 04/12/1436H (17/09/2015G) | 04/06/1437H (13/03/2016G) | SAMA |
| Approval to offer insurance products | Temporary approval to market and sell Plus Products (Personal Line Plus) | 361000152227 | 04/12/1436H (17/09/2015G) | 04/06/1437H (13/03/2016G) | SAMA |
| Approval to offer insurance products | Final approval to transfer the protection and saving insurance portfolio of ALICO | 361000078280 | 28/05/1436H (19/03/2015G) | | SAMA |
| Approval to offer insurance products | Final approval to market and sell Circles of Protection (Accident and Health) | 371000012427 | 29/01/1437H (11/11/2015G) | | SAMA |
| Approval to offer insurance products | Final approval to market and sell Property Terrorism | 371000028904 | 09/03/1437H (20/12/2015G) | | SAMA |
| Approval to offer insurance products | Final approval to market and sell Contractors Plant and Machinery | 371000031028 | 13/03/1437H (24/12/2015G) | | SAMA |
| Approval to offer insurance products | Final approval to market and sell Savings And Protection | 371000013745 | 03/02/1437H (15/11/2015G) | | SAMA |
| Approval to offer insurance products | Temporary approval to market and sell Marine Cargo (limited) | 371000002602 | 07/01/1437H (20/10/2015G) | 29/06/1437H (07/04/2016G) | SAMA |
| Approval to offer insurance products | Temporary approval to market and sell electronics equipment | 371000002604 | 07/01/1437H (20/10/2015G) | 29/06/1437H (07/04/2016G) | SAMA |
| Approval to offer insurance products | Temporary approval to market and sell Machinery Breakdown and Loss of Profits Insurance | 371000002608 | 07/01/1437H (20/10/2015G) | 29/06/1437H (07/04/2016G) | SAMA |

14-2 Company Branches and Points of Sale

The Company obtained SAMA approval number (361000049751) dated 02/04/1436H (corresponding to 23/01/2015G) to open a branch office in Jeddah which will be located in Future Business Centre, 4th floor, office #401, Alamana street, next to the Ministry of Culture And Information.

The SAGIA has also licensed the Company to establish a branch office in Jeddah and reflected the details of the branch in its foreign investment license. Further, on 27/01/1437H (corresponding to 09/11/2015G) the Company completed all the required statutory procedures to establish the branch and issued the Commercial Registration Certificate number (4030285792) and the Chamber of Commerce Membership Certificate number (228486) dated 18/01/1437 H. (corresponding to 31/10/2015G) for the Jeddah branch. However, the issuance of the municipality license and civil defense permit for the premises of the Jeddah branch are still under process.

Further, the Company intends to open another branch office in the Eastern Province (Al-Khobar) and has already received the approval of SAGIA and leased the premises of the branch. However, SAMA approval to open the new branch is still under process. SAMA requested the Company to nominate a Saudi national as manager of its branch in Al-Khobar prior to granting its consent. As of the date of this prospectus, the Company has not obtained the final consent of SAMA regarding the establishment of the Al-Khobar branch.

On another note, as of the date of this prospectus, the Company did not establish any points of sales and does not have any pending application with SAMA in this regard.

14-3 Municipality licenses issued for Points of sale and Branches

As of the date of this prospectus, the Company did not obtain any municipality licenses for its office and Jeddah branch. Further, the Company has not obtained the municipality license for the branch office in Dammam as it has not yet obtained the SAMA approval regarding the establishment of this branch and has not conducted any activities through this branch. The Company undertakes to issue the required municipality license and other permits after issuing the commercial registration certificate for each branch.

14-4 Lease contracts

Most of the lease contracts of the Company are standard lease contracts which means that the contract provides for a rental payable by the Company on a yearly basis. Most of the lease contracts are renewable and will be considered void in case of the delay of payment of rent. The lessee may not sublease the property without the written consent of the lessor. Also, the activity of leased location may not be changed without the lessor's consent. Lease contracts are summarized as follows:

Company's head office lease contract

On 12/05/1436H (corresponding to 03/03/2015G), the Company entered into a lease agreement of the head office of the Company with AlWaqaf of the Custodian of the Two Holy Mosques, owner of Al-Ibdaa 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 6,755,000 (six million seven hundred fifty five 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. Further, the Company is required to provide a security deposit equivalent to 10% of the rental value upon signing. The Company is entitled to collect back the security deposit following the termination of the lease contract and after handing over the leased premises. The lease will commence on 01/04/1436H (corresponding to 21/01/2015G) and expires on 30/03/1441H (corresponding to 27/11/2019G). The lease will be automatically renewed for further periods unless a party notifies the other in writing of its wish not to renew the lease 60 (sixty) days prior to the expiry of the lease. The Company may not sub-lease or assign all or part of this contract. This contract is subject to the laws and regulations of the Kingdom and any dispute between the lessee and lessor should be settled by the competent Saudi court.

14-4-1 Company's Dammam branch office lease contract

On 10/04/1436H (corresponding to 30/01/2015G), the Company entered into a lease agreement of the branch office of the Company with Eastern Cement Company to lease the office number 203 on 2nd floor of the Eastern Cement Tower in the city of Dammam comprising an area of 145.1 m² (one hundred forty five square meters) for an annual rent of SAR 145,100 (one hundred forty five thousand and one hundred Saudi Riyals) to be paid in advance each year. The Company is required to provide a security deposit equivalent to 10% of the rental value upon signing. The Company is entitled to collect back the security deposit following the termination of the lease contract and handing over of the leased premise and after deducting any due amounts. The duration of the agreement is 1 (one) Hijri year starting from 11/04/1436H (corresponding to 31/01/2015G) and expires on 10/04/1437H (20/01/2016G). The term of the agreement is automatically renewable for a

further term of similar duration unless one of the parties informs in writing the other party of its intention not renew the lease 2 (two) months prior to the expiry of the lease. The Company may not sub-lease or assign all or part of this agreement. This contract is subject to the laws and regulations of the Kingdom and any dispute between the lessee and lessor should be settled by the competent Saudi court.

14-4-2 Company's Jeddah branch office lease contract

On 13/04/1436H (corresponding to 02/02/2015G), the Company entered into a lease agreement of the branch office of the Company with Future Business Centre to lease the offices number 401, 402 and 403 on 4th floor of the future tower in the city of Jeddah comprising an area of 268 m2 (two hundred sixty eight square meters) for an annual rent of SAR 134,000 (one hundred thirty four 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. The parties agreed that there would be an increase of 10% of the rental amount at the beginning of each rental year starting from 01/01/2016G. The rent shall be paid each year in advance and by no later than 30 (thirty) days from the due date. The duration of the agreement is 3 (three) Gregorian years starting from 10/02/2015G and expires on 31/12/2017G. The term of the agreement is automatically renewable for a further term of similar duration unless one of the parties informs in writing the other party of its intention not renew the lease 3 (three) months prior to the expiry of the lease. The Company may not sub-lease or assign all or part of this agreement. This contract is subject to the laws and regulations of the Kingdom and any dispute between the lessee and lessor should be settled by the competent Saudi court.

14-5 Capital structure

The Company's share capital is (SAR 175,000,000) one hundred seventy five million Saudi Riyals consisting of (17,500,000) seventeen million and five hundred thousand ordinary cash shares with an equal nominal value of (SAR 10) ten Saudi Riyals per share, all of which are fully paid, and represent the Company's paid up capital on incorporation. The Founding Shareholders subscribed to (12,250,000) twelve million and two hundred fifty thousand shares representing (70%) of the Company's share capital, at a value of (SAR 122,500,000) one hundred twenty two million five hundred thousand Saudi Riyals, paid their value in full and deposited them in the Company's bank account in Saudi Arabia. As for the remaining (5,250,000) five million two hundred fifty thousand shares amounting to (SAR 52,500,000) fifty two million five hundred thousand Saudi Riyals representing (30%) of the Company's Share Capital, they were offered for public subscription.

14-6 Directors of the Board

The management of the Company is entrusted to a Board of Directors comprised of 11 (eleven) members. On 09/09/1434H (corresponding to 18/07/2013G) the constituent general assembly appointed 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.

Table 14.2: Details of Board membership:

| Name | Position | Nationality | Representing | Direct Shareholding* | Indirect Shareholding | Classification |
|-----------------------------|-------------------|-------------|--------------|----------------------|-----------------------|-------------------------------|
| Ramzi Kanaan Abukhadra | Chairman | Saud | Public | None | None | Non-executive/ Independent |
| Lama Khalid Al Hajj Ibrahim | Director | Saudi | ALICO | None | None | Non-executive/Non-Independent |
| Julio Garcia Villalon | Director | Spanish | ALICO | None | None | Non-executive/Non-Independent |
| Youil Dib Homs | Director | Lebanese | ALICO | None | None | Non-executive/Non-Independent |
| Carl Tachdjian** | Managing Director | Lebanese | ALICO | None | None | Executive/ Non-Independent |
| Robert Maroun Eid | Director | Lebanese | ANB | None | None | Non-executive/Non-Independent |
| Abdullah Ali AlKhalifa*** | Director | Saudi | ANB | None | None | Non-executive/Non-Independent |
| Suleiman Saud Al-Sayyari | Director | Saudi | Public | 5,000 0.03% | None | Non-executive/ Independent |
| Abdul Mohsen Ibrahim AlTouq | Director | Saudi | Public | None | None | Non-executive/ Independent |
| Khalid Hamad Alyahya | Director | Saudi | Public | None | None | Non-executive/ Independent |
| Asif Iqbal**** | Director | British | AIG MEA | None | None | Non-executive/Non-Independent |

Source: the Company

* The law requires each director to allocate certain shares as qualification shares and specify the party who provided these shares. The Tadawul letter number (Kh A E-513-8126) dated 24/01/1435H (corresponding to 27/11/2013G) confirms that the Company is compliant with this requirement. The letter shows that the Founding Shareholders allocated the shares on behalf of the independent directors as follows:

- ALICO provided 1,716 (one thousand seven hundred and sixteen) shares for a value of SAR 17,160 (seventeen thousand and one hundred sixty) from its portfolio;
- ANB provided 1,716 (one thousand seven hundred and sixteen) shares for a value of SAR 17,160 (seventeen thousand and one hundred sixty) from its portfolio; and
- Chartis provided 568 (five hundred sixty eight) shares for a value of SAR 5,680 (five thousand and six hundred eighty) from its portfolio.

Further, according to the Tadawul letter number (Kh A E-S13-8108) dated 22/10/1435H (corresponding to 25/11/2013G) regarding the blockage of non-independent directors' guarantee shares, the Company is compliant with the provisions of Article 68 of the Companies Regulations in respect of the allocation of these shares as follows:

- ALICO provided 4,000 (four thousand) shares for a value of SAR 40,000 (forty thousand Saudi Riyals) from its portfolio to guarantee the membership of its four representatives on the Board;
- ANB provided 2,000 (two thousand) shares for a value of SAR 20,000 (twenty thousand Saudi Riyals) from its portfolio to guarantee the membership of its two representatives on the Board; and
- Chartis provided 1,000 (one thousand) shares for a value of SAR 10,000 (ten thousand) from its portfolio to guarantee the membership of its representative on the Board.

** The Company obtained SAMA approval letter number (341000085538) dated 10/07/1434H (corresponding to 19/05/2013G) regarding the appointment of Mr. Carl Tachdjian as member of the Board as representative of ALICO replacing Mr. Mohammad Othman Alcharabati who was appointed Director pursuant to SAMA non-objection letter number (IS/1616) dated 02/07/1433H (corresponding to 22/05/2012G) and nominated MD of the Company.

*** On 23/09/1436H (corresponding to 09/07/2015G), due to his resignation from ANB, Mr. Abdullah AlKhalifa submitted his resignation to the Board who approved it on 26/09/1436H (corresponding to 12/07/2015G) with effect from 29/09/1436H (corresponding to 15/07/2015G).

**** On 21/03/1435H (corresponding to 22/01/2014G), Mr. Christos Nicolas Adamantiadis submitted his resignation to the Board who approved on 21/03/1435H (corresponding to 22/01/2014G) with effect from 21/03/1435H (corresponding to 22/01/2014G). Further, on 02/08/1435H (18/06/2014G), the general assembly approved the nomination of Mr. Asif Iqbal as Board member representative of Chartis starting from 30/05/1435H (31/03/2014G) up to the end of the current session of the Board. It should also be noted that the Company already obtained SAMA approval on his appointment pursuant to SAMA non-objection letter number (351000069415) dated 30/05/1435H (corresponding to 31/03/2014G).

As per the Corporate Governance Regulations, the independent director and non-executive director are defined as follows:

a) Independent Director:

An independent director is a member of the Board of Directors who enjoys complete independence. By way of example, the following shall constitute a full infringement of such independence as per CMA resolution No. 1-10-1010 dated 30/03/1431H (16/03/2010G):

- 1- He/she holds a five per cent or more of the issued shares of the company or any of its group.
- 2- Being a representative of a legal person that holds a five per cent or more of the issued shares of the company or any of its group.
- 3- He/she, during the preceding two years, has been a senior executive of the company or of any other company within that company's group.
- 4- He/she is a first-degree relative of any board member of the company or of any other company within that company's group.
- 5- He/she is first-degree relative of any of senior executives of the company or of any other company within that company's group.
- 6- He/she is a board member of any company within the group of the company which he is nominated to be a member of its board.
- 7- If he/she, during the preceding two years, has been an employee with an affiliate of the company or an affiliate of any company of its group, such as external auditors or main suppliers; or if he/she, during the preceding two years, had a controlling interest in any such party.

Therefore, any member who is not independent is the member to whom any of the above cases applies.

b) Non-executive Director

A non-executive director is a member of the board of directors who does not have a full-time management position at the company, or who does not receive monthly or yearly salary.

With regard to the formation of the board as provided for in sub-paragraph (c & e) of Article 12 of the Corporate Governance Regulations, the majority of directors of the board must be non-executives and the independent members of the board of directors shall not be less than two members, or one-third of the members, whichever is greater depending on the total number of directors. The Company is in compliance with the provisions of this Article as the majority of the Company's Board directors are non-executives, In addition to 4 (four) independent directors.

According to Article (68) of the Companies Regulations, a member of the board of directors must own a number of shares whose value shall not be less than SAR 10,000 (ten thousand Saudi Riyals). These shares shall, within 30 days from the date of appointment of a member, be deposited in one of the banks designated by the Minister of Commerce and Industry.

They shall be set aside as a guarantee for members' liability, and shall remain non-negotiable until the lapse of the period specified for hearing the action in liability provided for in Article (77), or until a decision has been rendered on such action. If the member fails to submit such guarantee shares within the specified period, he shall forfeit his membership. The auditor must ascertain compliance with the provisions of this Article, and must mention in his report submitted to the General Assembly any violation in this respect.

In addition, based on Article 6 of Cooperative Insurance Companies Control Law and Article 27 of its Implementing Regulations, the Company must obtain SAMA approval on the nomination of the members of the Board of Directors. The Company obtained SAMA approval on the appointment of the present directors for the first term for a period of 3 years as per SAMA No-Objection letter No. (IS/1616) dated 02/07/1433H (22/05/2012G).

According to Article (21) of the By-Laws, the Board of Directors shall meet at 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.

Based on the Board of Directors' minutes of meetings for the years of 2013, 2014 and 2015G, the Company is in compliance with its By-Laws.

Table 14.3: No of Board Meetings for the years 2013, 2014 and 2015G

| Administrative Body | 2013 | 2014 | 2015 |
|---------------------|------------|------------|------------------------------|
| BOD | 1 meeting* | 4 meetings | 3 meetings as of 02/09/2015G |

Source: Company

*The Company completed its incorporation process and issued its commercial registration certificate in 22/12/1434H (corresponding to 27/10/2013G). Therefore, the Company is not required to comply with Article (21) mentioned above with respect to the number of Board meetings.

14-7 Summary of Material Agreements

14-7-1 Contracts and Transactions with Related Parties

Since the establishment of the Company, the Founding Shareholders have agreed in advance upon a set of agreements and transactions being subject to the provisions and restrictions governing the related parties transactions. The relationship among the Founding Shareholders on one hand and the relationship between them and the Company on another hand has been regulated pursuant to the agreement of the shareholders. For example, the agreement of the partners which was concluded on 23/12/1434H (corresponding to 28/10/2013G) has included a number of annexes according to which the parties have agreed upon the following agreements:

- a) Agreement for the Distribution of the Bank Insurance Products between the Company and the Bank
- b) Technical Services Agreement
- c) Trademarks Licensing Agreement

The Company mainly relies on strategic partners from the United States of America, namely ALICO which provides reinsurance services for the life insurance branch and Chartis which provides reinsurance services for the general insurance branch. In addition, both companies provide technical and administrative services which help the Company benefit from the international technical expertise in exchange for an annual remuneration. Moreover, the Company relies on its other Founding Shareholder, which is the bank, to take advantage of its distribution channels and customer base, where it has been agreed that the bank shall support the Company through the distribution of its products via its branches in the Kingdom. Said distribution agreement also provides for the rates of commissions payable to the bank in exchange for the sales made in these branches.

The Founding Shareholders have also agreed, under the trademarks licensing agreement, to authorise the company to use the trademarks belonging thereto in the Kingdom, within the scope of its activities and with regard to its insurance products.

The Company undertook, upon the conclusion of the abovementioned contracts and agreements, that all the transactions shall be carried out at arm's length in such a way to guarantee the shareholders equity and that the general assembly shall vote on those contracts without the participation of the shareholders who have interests therein. Furthermore, the Company, the members of its board of directors and its Founding Shareholders confirm their commitment to the application of Articles (69) and (70) of the Companies Law and Article (18) of the Companies Governance Regulation. Said agreements have been voted on and ratified for the first time in the ordinary general assembly which was held on 20/08/1435H (corresponding to 18/06/2014G). Said ratification has been renewed in the ordinary general assembly held on 23/07/1436H (corresponding to 12/05/2015G).

On another hand, according to the minutes of the meeting of the ordinary general assembly held on 23/07/1436H (corresponding to 12/05/2015G.) a set of insurance contracts concluded with a related party, being the bank as one of the major shareholders of the Company, has been voted on without the participation of the attending related members (i.e. the bank representatives) who have interests in said contracts.

The below chart indicates the total value of contracts and transactions concluded between the Company and related parties:

| Related party | Type of transaction | Total value of contracts (Riyal) | Balance (Riyal) as on 30/09/2015G |
|--|--|----------------------------------|-----------------------------------|
| American International Group, Inc. (AIG) | Reinsurance premiums and commission | 8,682,360 | 9,780,221 |
| Arab National Bank (Founding Shareholder) | Net premiums due in exchange for the commission of the sale of insurance policies through the insurance agency contract concluded with the company affiliated to the bank (Arab Insurance Company) | 55,180,708 | 22,887,642 |
| American Life Insurance Company (ALICO) (Founding Shareholder) | Reinsurance premiums related to the insurance portfolio (life insurance policies) which has been assigned in favour of the company | 7,471,541 | 9,554,743 |
| American Life Insurance Company (ALICO) (Founding Shareholder) | Reinsurance related to the claims paid pursuant to the insurance portfolio assignment agreement | 10,164,954 | |
| Delaware American Life Insurance Company | Net reinsurance premiums in exchange for the reinsurance commission | 1,040,598 | 1,040,598 |
| American International Group, Inc. (AIG) | Technical services fees | 553,116 | 959,663 |
| American Life Insurance Company (ALICO) (Founding Shareholder) | Technical services fees | 521,599 | (59,719) |
| Total | | 82,614,876 | 44,163,148 |

Source: the Company

On 16/09/2015G, the Company concluded an agreement on the terms and conditions of the private placement of secondary instruments issued by the Arab Bank, where the Company subscribed for ten (10) instruments for a total value of (SAR 10,000,000) Riyals ten million and a maturity period of (10) ten years, with the bank being eligible to repurchase (recover) said instruments after five (5) years. The profit margin was set at 140 basis points (BPS), added to the six-month SIBOR Index rate. The Company has fully paid the value of the instruments on 05/10/2015G., though a bank draft which was deposited with HSBC Saudi Arabia. This agreement shall be governed by the laws in force in the Kingdom of Saudi Arabia and the Committee for the Resolution of Securities Disputes (CRSD) shall have the competence to decide on any dispute which may arise between the parties.

With the exception of the abovementioned contracts and transactions with related parties, the Company confirms that none of the other members of the board or their relatives has any direct or indirect interest in the Company and no contracts have been concluded with other related parties, including the issuance of insurance policies to cover their businesses or properties.

The said contracts provide for the same terms and conditions applicable to the customers without any distinction between the above-mentioned insurance policies and those offered by the Company to its customers. In addition, the Company confirms its commitment to the provisions of the Insurance Market Code of Conduct Regulation issued by SAMA (Saudi Arabian Monetary Agency).

Pursuant to the provisions of Article (49) forty nine of the Implementing Regulation of the Cooperative Insurance Companies Control Law, no insurance policy may be issued or renewed for any of the members of the board or the executive management or any related parties, unless after the full settlement of the due premium. The related parties shall here refer to the family members (wives, husbands, children, fathers, mothers, brothers and sisters and any of the institutions in which any of the board members owns more than (5%) five per cent. In the event any of the members of the board of directors or any chief executive claims compensation for an insurance policy issued thereto by the company, the said claim shall be handled in accordance with the procedures stipulated in the regulation governing the other customer claims, without any preferential treatment, and a notification of any compensation paid thereto shall be sent to the legal auditor. The Company confirms its commitment to the implementing regulation and the provisions of the Companies Law and Companies Governance Regulation with regard to the contracts of related parties.

14-7-1-1 Shareholders Agreement

On 23/12/1434H (corresponding to 28/10/2013G) the Founding Shareholders, being ALICO, CHARTIS and ANB executed a shareholders' agreement governing the relationship amongst them with respect to the Company. The main contractual provisions are as follows:

Founding Shareholders

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

The parties agreed that Abdullatif Bin Hamed Mohamed Al-Jabr and Salah Rashed Abdulrahman Al-Rashed will each subscribe for 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 equal to 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.

Key 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.
- ALICO and Chartis shall be responsible for all issues related to the commencement of the Company's business and insurance operations.
- Management

The Company will be managed by a Board of Directors consisting of 11 (eleven) members for a term of 3 (three) years appointed by ANB, ALICO and Chartis, in addition to the independent members as follows:

- ALICO will appoint 4 (four) Directors.
- Chartis will appoint 1 (one) Director.
- ANB will appoint 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 ALICO and Chartis 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 provided that at least one Director representing ALICO and another one representing ANB participate in these resolutions. For specific resolutions pertaining to matters relating to the business plan of the Company (section regarding the general insurance business) or the amendment of the executive committee chart or the powers or authorities of the deputy general manager (general insurance) or the review of the terms of the reinsurance business of the Company, the Director nominated by Chartis must attend and participate in these meetings. Such condition should apply as long as Chartis owns Shares in the Company.

The Board of Directors shall appoint a Managing Director from amongst the members appointed by ALICO, 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 whom are appointed by ALICO, one by Chartis and two by ANB. The executive committee shall meet at least 6 times each year.

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.

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 and 3 (three) members appointed by 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.

Lock up period and pre-emption right

The Founding Shareholders agreed under the Shareholders Agreement to a contractual lock up period extending to 5 (five) years as of date of the Company's incorporation, during which no Founding Shareholder may assign shares other than to 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 pre-emptive right to acquire the respective Shares and obtain the prior approval of the CMA and SAMA.

Further, Abdullatif Bin Hamed 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-up period and after obtaining the prior written approval of SAMA and the CMA.

Options to purchase and 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.

Chartis' right to withdraw

In case the Company breaches its obligations prescribed herein and in the technical services agreement entered into with Chartis and in case the technical services agreement is not renewed, Chartis 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 up Period.

Non- compete clause

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 ALICO and Chartis pursuant of the technical services agreement mentioned below.

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 favorite and/or primary suppliers of reinsurance products to the Company based on competitive terms, which take into account the Company's interest.

Incorporation costs

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 the them will bear the pre-incorporation costs 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.

Governing law and disputes resolution

The Agreement is governed by the laws of the Kingdom of Saudi Arabia. Any dispute arising out of or in connection with this Agreement, including any question regarding its existence, validity or termination, or any action taken hereunder, shall be resolved amicably. Should the parties fail to resolve a dispute within 60 (sixty) days, then either party may commence arbitration proceedings in accordance with the ICC rules. The seat of arbitration shall be in Dubai and the language used in the arbitral proceedings shall be English.

14-7-1-2 Insurance Agency Agreement between Company and Arabian Insurance Agency

After its incorporation, the Company shall enter into a distribution agreement with Arabian Insurance Agency ("Agency"), a limited liability company, subsidiary of ANB (the "Bank") and licensed by SAMA.

This agreement aims to sell and distribute the Company's products in Saudi Arabia 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.

Key Parties' Responsibilities:

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.

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.

Confidentiality & Non-Disclosure:

The agreement provides for 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.

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.

Exclusivity clause:

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.

Governing law and disputes resolution

The Agreement is governed by the laws of the Kingdom of Saudi Arabia. Any dispute arising out of or in connection with this Agreement, including any question regarding its existence, validity or termination, or any action taken hereunder, shall be resolved amicably. Should the parties fail to resolve a dispute within 60 (sixty) days, then either party may commence arbitration proceedings in accordance with the ICC rules. The seat of arbitration shall be in Dubai and the language used in the arbitral proceedings shall be English.

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.

14-7-2 Insurance Brokerage Agreements

The Company concluded a number of non-exclusive insurance brokerage agreements with insurance brokerage companies to attract customers and facilitate the sale of the insurance company products to individuals, corporations and other bodies. The insurance brokers shall be entitled to a commission according to the percentages set forth in the Insurance Brokers and Agents Regulation and ranging between 8% and 15% depending on the insurance branches/sold insurance products. In addition, the said commission shall be calculated based on the premiums only and no commission shall be paid with regard to the expenses. The Company has adopted a unified contract which has been concluded with the different companies, stipulating for all the conditions and obligations which formed the framework of dealing between the parties. Based on this form, the Company shall undertake to determine the terms of the insurance contracts for the insured and the brokers may not make any amendment thereto, without the consent of the Company. The net total amount of the premiums subscribed through the contribution of brokers reached (SAR 22,052,000) Riyals twenty two million fifty two thousand, accounting for 46.6% of the total premiums subscribed during the period of nine months until 30/09/2015G.

Below is a list of the insurance brokerage agreements concluded by the Company:

- 1- Non-exclusive insurance brokerage agreement concluded with Orbits for Insurance brokerage. The term of this agreement is one Gregorian year, starting on 23/08/1436H (corresponding to 10/06/2015G), to be automatically renewed unless one of the parties notifies the other of its intention to terminate the agreement at least (30) thirty days prior to the effective date of expiration thereof. This agreement is still in full force between the parties thereto.
- 2- Non-exclusive insurance brokerage agreement concluded with Deraya Insurance Brokers. The term of this agreement is one Gregorian year, starting on 10/08/1435H (corresponding to 08/06/2014G), to be automatically renewed unless one of the parties notifies the other of its intention to terminate the agreement at least (30) thirty days prior to the effective date of expiration thereof. This agreement is still in full force between the parties thereto.
- 3- Non-exclusive insurance brokerage agreement concluded with Al-Thanyan Company for Insurance Brokerage. The term of this agreement is one Gregorian year, starting on 15/11/1435H (corresponding to 09/09/2014G), to be automatically renewed unless one of the parties notifies the other of its intention to terminate the agreement at least (30) thirty days prior to the effective date of expiration thereof. This agreement is still in full force between the parties thereto.
- 4- Non-exclusive insurance brokerage agreement concluded with The Insurance Brokerage House. The term of this agreement is one Gregorian year, starting on 22/07/1436H (corresponding to 10/05/2015G), to be automatically renewed unless one of the parties notifies the other of its intention to terminate the agreement at least (30) thirty days prior to the effective date of expiration thereof. This agreement is still in full force between the parties thereto.
- 5- Non-exclusive insurance brokerage agreement concluded with Kingdom Brokerage. The term of this agreement is one Gregorian year, starting on 09/08/1436H (corresponding to 27/05/2015G), to be automatically renewed unless one of the parties notifies the other of its intention to terminate the agreement at least (30) thirty days prior to the effective date of expiration thereof. This agreement is still in full force between the parties thereto.
- 6- Non-exclusive insurance brokerage agreement concluded with Nasco Karaoglan Saudi Arabia. The term of this agreement is one Gregorian year, starting on 12/04/1436H (corresponding to 01/02/2015G), to be automatically renewed unless one of the parties notifies the other of its intention to terminate the agreement at least (30) thirty days prior to the effective date of expiration thereof. This agreement is still in full force between the parties thereto.

In addition to the above-mentioned agreements, the Company concluded insurance brokerage agreements with three companies specialised in this field, under the terms and conditions set forth by these companies. Pursuant thereto, these companies shall provide all the insurance services, including the collection of premiums and fees from customers with regard to the insurance policies, whether in force or renewed. These agreements are as follows:

- 1- On 07/11/1435H (corresponding to 01/09/2014G), the Company entered into a non-exclusive insurance brokerage agreement with Willis Saudi Arabia Company Ltd. Insurance & Reinsurance Brokerage. This is an indefinite term agreement which may be terminated at any time by either party by virtue of a thirty (30)-day prior written notice. The insurance broker shall be committed to make all reasonable efforts to promote and publicise all the Company's products with the aim of attracting customers for its benefit and to provide the Company with a copy of the licences issued thereto from the regulator (SAMA) for the practice of the insurance brokerage business, in addition to all the other licences as the Company may require. The insurance broker shall follow up with the customers who have entered into contract with the Company through it and with regard to whom he was or is entitled to receive a commission. The broker shall retain all the collected amounts in a special account, to be then delivered to the Company and shall keep all the documents in special records. Willis Saudi Arabia Company Ltd. Insurance & Reinsurance Brokerage shall be entitled to a commission according to the percentages set forth in the Insurance Brokers and Agents Regulation. This agreement shall be governed by the regulations in force in the Kingdom of Saudi Arabia.
- 2- On 17/10/1435H (corresponding to 13/08/2014G), the Company entered into a non-exclusive insurance brokerage agreement with Marsh Saudi Arabia Insurance & Reinsurance Brokers. This is an indefinite term agreement which may be terminated at any time by either party by virtue of a prior written notice. The notice

shall be deemed to be duly received by the other party one (1) day after it has been delivered by hand or sent by facsimile and two (2) days after it has been sent by registered mail. Pursuant to this agreement, the insurance broker shall provide all the insurance services, including the promotion and introduction of all the Company's products with the aim of attracting customers and the collection of premiums from customers with regard to the insurance policies, whether in force or renewed. The broker shall not have the right to conclude any contracts or agreements on behalf of the Company. According to this agreement, the broker shall be entitled to a commission for the works carried out within the framework of implementation thereof throughout its original term and any subsequent renewed period. The said commission shall be calculated according to the percentages set forth in the Insurance Brokers and Agents Regulation. The broker commission shall become payable upon the receipt by the Company of the premium or premiums owed thereto. Thus, the said commission shall represent the full compensation and remuneration owed to the broker for its works carried out under this agreement. The broker shall bear all the expenses incurred within the framework of implementation of its scope of work. The broker shall retain all the collected amounts in a special account, to be then delivered to the Company and shall keep all the documents in special records. This agreement shall be governed by the regulations in force in the Kingdom of Saudi Arabia.

- 3- On 21/08/1435H (corresponding to 19/06/2014G), the Company entered into a non-exclusive insurance brokerage agreement with AON Saudi Arabia Insurance & Reinsurance Brokerage. This is an indefinite term agreement which may be terminated at any time by either party by virtue of a ninety (90) day prior written notice. The insurance broker shall promote and publicise all the company's products with the aim of attracting customers for its benefit. In addition, the broker shall refrain from using the Company's name, brand names, trademarks, logos or data, or any part thereof in the advertisements. The broker shall undertake to submit all information and claims related to any requested insurance coverage, according to the form which is determined by the Company from time to time, as agreed upon. Furthermore, the broker shall abide by all behavioural and ethical standards governing the practice of brokerage business, mainly those issued by the competent governmental authorities and to implement all the decisions and regulations regulating the services set forth in this agreement. The broker shall be entitled to a commission for the work carried out within the framework of implementation thereof throughout its original term and any subsequent renewed period. The said commission shall be calculated according to the percentages set forth in the Insurance Brokers and Agents Regulation. The broker shall bear all the expenses incurred within the framework of implementation of its scope of work. The broker shall retain all the collected amounts in a special account, to be then delivered to the Company and shall keep all the documents in special records. This agreement shall be governed by the regulations in force in the Kingdom of Saudi Arabia.

14-7-3 Reinsurance Contracts

The Company entered into a number of direct reinsurance contracts with reinsurance companies, with the aim of insuring its activities. These contracts stipulate for different exceptions depending on the reinsured product. Below is a list of the reinsurance contracts concluded by the Company:

14-7-3-1 Reinsurance Contract Concluded with Hannover Ruck Se

Reinsurance contract concluded with Hannover Ruck Se (France) (-AA classification) covering the reinsurance of the excess of medical insurance of groups and life insurance of groups and beneficiaries added to the groups life insurance, originally covered by the Company by virtue of its insurance policies. The said reinsurance shall include the medical insurance plans for the groups and life insurance plans (death for any cause whatsoever) and the annexes shall include the permanent total or partial disability resulting from an accident and/or disease; temporary total disability for the groups resulting from an accident and/or disease and long term disability for the groups resulting from an accident and/or disease. The value of premiums paid to the reinsurer is a percentage which is deducted from the total value of subscriptions for every reinsured product, for some product categories, where a rate ranging between 0.154% and 9.709% is paid depending on the age of the reinsured for the life insurance product; a rate ranging between 9.64% and 46.13% is paid according to the upper limit of coverage pursuant to the policy and the extent of coverage of the employee family members in the groups' medical insurance and a rate starting from 0.27% and increased with the increase of the period of the covered disability is paid for the permanent total disability insurance policies. This contract shall come into effect as of 10/03/1436H (corresponding to 01/01/2015G) and is an indefinite term contract which may be terminated by either party by virtue of a written notice sent to the other party three months prior to the annual renewal date. The scope of coverage is within the Kingdom of Saudi Arabia and may be expanded to include the losses incurred anywhere in the world.

14-7-3-2 Reinsurance Contract Concluded with Delaware American Life Insurance Policy

Facultative excess of loss reinsurance contract concluded with Delaware American Life Insurance Policy (USA) (A+ classification) to cover the facultative reinsurance of the excess of losses of policies issued by the reinsured and accepted to be reinsured by the reinsurer. The said contract shall include the policies issued by the reinsured and accepted to be reinsured by the reinsurer by signing the insurance policy summary. The value of the premiums paid to the reinsurer shall be calculated based on the following equation: (total policy premiums × contribution quota and excess in the policy). This

contract shall come into effect as of 10/03/1436H (corresponding to 01/01/2015G) and is an indefinite term contract which may be terminated by either party by virtue of a written notice sent to the other party three months prior to the annual renewal date. The scope of coverage shall include the insurance policies issued by the Company in the Kingdom of Saudi Arabia. The District Court in the Southern District of New York shall have the judicial jurisdiction over any dispute which may arise between the parties.

14-7-3-3 Reinsurance Contract Concluded with American Home Assurance Company, New Hampshire Insurance Company and National Union Fire Insurance Company of Pittsburgh, PA

Facultative excess of loss reinsurance contract concluded with American Home Assurance Company, New Hampshire Insurance Company and National Union Fire Insurance Company of Pittsburgh, PA (USA) (A+ S&P classification) to cover the reinsurance of the Company's policies for the excess of losses of accidents insurance and health insurance resulting from disasters. The reinsurance shall include the Company's insurance policies related to the accidents and medical insurance in case of continuous 72 hours of natural disasters, continuous 72 hours of disorders or damages or continuous 168 hours of damage for any reason whatsoever. This contract shall come into force on 01/06/1435H (corresponding to 01/04/2014G) and shall expire on 23/06/1437H (corresponding to 01/04/2016G). The District Court in the Southern District of New York shall have the judicial jurisdiction over any dispute which may arise between the parties.

14-7-3-4 Reinsurance Contract Concluded with American Life Insurance Company

Facultative portfolio reinsurance contract concluded with American Life Insurance Company (USA) (AA-Moody's A1 classification) for the reinsurance of the portfolio assigned by the second party to the first party and the provision of technical services by the reinsurer for the reinsured, in addition to the provision of consultancy for the reinsured with regard to the policies covered by the agreement, business records preservation, coordination between the reinsured and the reinsurer concerning the litigation, auditing, review commitment, financial reports and any request addressed by the competent authorities in the Kingdom regarding the portfolio. The reinsurer shall quarterly pay the reinsured 23% of the portfolio profits (end of January, end of April, end of July and end of October). This contract shall come into force on 12/06/1436H (corresponding to 01/04/2015G) and shall end with the expiration or termination of the last policy in the portfolio, the settlement of the rights of the reinsured in the portfolio or the termination of the agreement. The scope of coverage is within the Kingdom of Saudi Arabia.

14-7-4 Contracts Concluded with Insurance Services Providers

14-7-4-1 Insurance Claims Management Service Agreement Concluded with Total Care Saudi Third Party Administrators

On 20/11/1435H (corresponding to 15/06/2014G), the company concluded an agreement with Total Care Saudi Third Party Administrators for the management of insurance claims and provision of cost control services and contracting with health care services providers. This agreement shall come into force on 20/11/1435H (corresponding to 15/06/2014G) and shall remain valid for one year, renewable for a similar period, unless terminated by one of the parties according to the provisions thereof or by virtue of a written notice sent to the other party at least (3) three months prior to the date of expiration of the contractual year, provided that said termination shall be effected gradually over a period defined by both parties. This agreement is still in full force. The scope of the agreement includes the following:

- Provide the total care software which allows managing the subscription and insurance claims effectively. This software shall include a pricing system, price quotes, subscription services and issuance of policies and tools for the control of the Company's insurance portfolio performance.
- Provide the software and information to secure all data, information and statistics relative to the cooperative health insurance policies issued by the Company.
- The Company shall take advantage of all the software upgrades and information updates through the transfer of data of Total Care Saudi Third Party Administrators to the insurance company.
- Before starting the implementation of the agreement, Total Care Saudi Third Party Administrators shall organise a software training program for the sales representatives, subscription employees, claims officers, IT managers and appointed accountants. In addition, Total Care Saudi Third Party Administrators will organise throughout the term of this agreement consecutive training sessions for the employees to inform them about the latest upgrades and updates of the software and provided services.
- Total Care Saudi Third Party Administrators shall provide, under this agreement, the services of insurance claims management, medical approvals management, customer service management, contracting, service providers' network management, reports and insurance portfolio control tools.

The logos of both the company and Total Care Saudi Third Party Administrators shall be used upon the provision of the Administrative services throughout the term of the agreement. In addition, the logo of the registered trademark may not be used in the total care software without the consent of Total Care Saudi Third Party Administrators. However, the

Company may use the trademark of Total Care Saudi Third Party Administrators after obtaining its approval in order to shed light on the cooperation between the companies.

The parties undertake to keep all information they access during the period of dealing between the parties confidential and to refrain from disclosing said information without obtaining the prior written approval of the other party.

Total Care Saudi Third Party Administrators shall be entitled to the administrative fees listed below in exchange for the services provided thereby:

- With regard to groups, the Company shall pay for every policy and in exchange for the technical support and medical claims settlement services a percentage of the total insurance premium, according to the following: for the first year: 4%, for the second year: 3.5%, for the third year: 3.25% and for the fourth year: 3%.
- With regard to individuals, the Company shall pay for every insured and in exchange for the technical support and medical claims settlement services a percentage of the total insurance premium, according to the following: for the first year: 4%, for the second year: 3.5%, for the third year: 3.25% and for the fourth year: 3%.

The Company will be provided with a monthly invoice/report detailing the due amounts which shall be payable within (10) ten days as of the date of receipt thereof. The Company shall pay the claims dues to the services provides pursuant to the provisions of the agreements set forth by Total Care Saudi Third Party Administrators with the services providers.

The agreement shall be automatically terminated in case of submission of false documents; proven violation of the interests of any of the parties; non-compliance with the commitments and guarantees provided by the parties; bankruptcy, restructuring or liquidation of any of the parties; failure of any of the parties to meet its contractual obligations toward the other party as a result of resolutions issued by the competent local authorities or violation of the clauses of the trademark and confidentiality stipulated in the agreement.

This agreement shall be governed by the regulations in force in KSA and SAMA Insurance Dispute Committee shall have the competence to consider any dispute which may arise between the parties.

14-7-4-2 Technical Services Agreement Concluded with Chartis Memsa Insurance Company

On 26/12/1435H (corresponding to 21/10/2014G), the Company concluded with Chartis Memsa Insurance Company a technical services agreement for the provision of advisory, technical, administrative and training services. The said agreement shall come into force on 26/12/1435H (corresponding to 21/10/2014G) and shall remain valid until the end of the fifth fiscal year (31/12/2019G). The term of the agreement may be each time renewed for one year. The scope of the agreement shall include the provision of advisory services and training in the field of application of Chartis accounting policies and budget models, the application of actuarial policies, accounts auditing, development of administrative methods and policies, application of the claims procedures according to the correct methods, information processing, study and determination of investment opportunities for the Company, provision of administrative training services, development of administrative systems, provision of the necessary support for the Company's General Manager upon request, mainly in terms of development of the annual work plan, submission of reports on the Company's business results to the board of directors, control of the Company's activities performance and assessment of investment opportunities. In addition, the Company provides support and training services in the field of marketing and sales, support in the recruitment process and staff training, development of the company's products in line with the market requirements and control of the implementation of reinsurance companies' contracts and formulation of re-subscription and claims procedures and related regulations. Chartis Memsa Insurance Company shall also support the Company to set the compliance and risk management policies.

In exchange for the provided services, Chartis Memsa Insurance Company shall be entitled to an annual fee not exceeding an amount of (SAR 3,750,000) Riyals three million seven hundred fifty thousand approximately per year. Chartis Memsa Insurance Company fee shall be calculated based on each service provided for the Company.

The Company shall bear any additional administrative expenses paid by Chartis Memsa Insurance Company during the provision of its services (tickets, accommodation, hotels and others).

The agreement may be terminated by either party by virtue of written notice in the following cases:

- In the event Chartis Memsa Insurance Company is no longer shareholder in the company
- Bankruptcy, dissolution or liquidation of any of the parties
- Failure of any of the parties to meet its financial obligations
- Withdrawal of work licences of any of the parties
- Issuance of an official resolution suspending the business/activity of any of the parties
- Failure of any of the parties to adhere to the obligations entrusted thereto or breach of any of the agreement's provisions.

In case of termination of the agreement, Chartis Memsa Insurance Company shall be entitled to receive the fees for the termination year.

The Company has obtained a non-objection certificate from SAMA to conclude the said agreement, by virtue of Letter no. 351000141890, dated 19/11/1435H (corresponding to 14/09/2014G).

SAMA approval shall be conditional upon the following:

- 1- To submit to SAMA within two months as of the date of the letter the future plan for the development of the Company's capabilities to reach self-sufficiency and dispense with the services set forth in the agreement.
- 2- To submit to SAMA an annual report within one month as of the end of each year at the latest, including all the details of the services provided by Chartis Memsa Insurance Company during the previous year, the cost paid for every service and the improvement of the implementation of the future plan previously submitted to SAMA.
- 3- To obtain SAMA approval in case of an intention to renew the agreement.

14-7-4-3 Technical Services Agreement Concluded with American Life Insurance Company

On 26/12/1435H (corresponding to 21/10/2014G.), the company concluded with American Life Insurance Company a technical services agreement for the provision of advisory, technical, administrative and training services. The said agreement shall come into force on 26/12/1435H (corresponding to 21/10/2014G) and shall remain valid until the end of the fifth fiscal year after the said date. The term of the agreement may be renewed for one year each time. The scope of the agreement shall include the provision of advisory services and training in the field of application of American Life accounting policies and budget models, the application of actuarial policies, accounts auditing, development of administrative methods and policies, application of the claims procedures according to the correct methods, information processing, study and determination of investment opportunities for the Company, provision of administrative training services, development of administrative systems, provision of the necessary support for the Company's General Manager upon request, mainly in terms of development of the annual work plan, submission of reports on the Company's business results to the board of directors, control of the Company's activities performance and assessment of investment opportunities. In addition, the Company provides support and training services in the field of marketing and sales, support in the recruitment process and staff training, development of the Company's products in line with the market requirements and control of the implementation of reinsurance companies' contracts and formulation of re-subscription and claims procedures and related regulations. American Life Insurance Company shall also support the Company to set the compliance and risk management policies.

In exchange for the provided services, American Life Insurance Company shall be entitled to an annual fee not exceeding an amount of (SAR 3,750,000) Saudi Riyals three million seven hundred fifty thousand approximately per year. American Life Insurance Company fee shall be calculated based on each service provided for the Company.

The Company shall bear any additional administrative expenses paid by American Life Insurance Company during the provision of its services (tickets, accommodation, hotels and others).

The agreement may be terminated by either party by virtue of written notice in the following cases:

- In the event American Life Insurance Company is no longer shareholder in the Company
- Bankruptcy, dissolution or liquidation of any of the parties
- Failure of any of the parties to meet its financial obligations
- Withdrawal of work licences of any of the parties
- Issuance of an official resolution suspending the business/activity of any of the parties
- Failure of any of the parties to adhere to the obligations entrusted thereto or breach of any of the agreement's provisions

In case of termination of the agreement, American Life Insurance Company shall be entitled to receive its fees for the termination year.

The Company has obtained a non-objection certificate from SAMA to conclude the said agreement by virtue of Letter no. 351000141890, dated 19/11/1435H (corresponding to 14/09/2014G).

SAMA approval shall be conditional upon the following:

- 1- To submit to SAMA within two months as of the date of the letter the future plan for the development of the Company's capabilities to reach self-sufficiency and dispense with the services set forth in the agreement.
- 2- To submit to SAMA an annual report within one month as of the end of each year at the latest, including all the details of the services provided by American Life Insurance Company during the previous year, the cost paid for every service and the improvement of the implementation of the future plan previously submitted to SAMA.
- 3- To obtain SAMA approval in case of an intention to renew the agreement.

14-7-4-4 Technical Services Provision Agreement Concluded with Najm for Insurance Services

On 10/03/1436H (corresponding to 01/01/2015G), the Company concluded a technical services agreement with Najm for Insurance Services under which the latter shall provide the following services:

- Limitation of liability service: Najm for Insurance Services shall inspect and limit the liability incurred with regard to the private and public vehicles and properties damaged as a result of accidents where one of the parties is the Company's customer. Najm for Insurance Services shall be entitled to fees amounting to (SAR 280) Riyals two hundred eighty for each limitation/accident being issued.
- Assessment service: Najm for Insurance Services shall organise and manage the operations of assessment and pricing of damages caused to private and public vehicles and properties as a result of accidents, where one of the parties is the Company's customer. Najm for Insurance Services shall be entitled to fees amounting to (SAR 150) Riyals one hundred fifty for each issued assessment.
- Najm Net Service: Najm for Insurance Services shall transfer the data of car insurance policies issued by the Company to the traffic systems by linking the Company's systems with Najm for Insurance Services systems. The services provided on this level are limited to the two following categories: (1) main services, including the following services: data and insurance policies transfer to the traffic database, deletion of insurance policies from the traffic database and accidents reports transfer to the traffic databases and (2) support services, including inquiries about a vehicle data, a new vehicle data, a driving licence data, traffic offence information, car insurance policies, number of accidents per vehicle or driver. Najm for Insurance Services shall be entitled to fees ranging between (SAR1.5) one Riyal and half and (SAR4) Riyals four depending on the service.

Najm for Insurance Services also provides the services of insurance policies transfer to the traffic systems, in which case the company transfers the car insurance policies information through Najm for Insurance Services to the traffic systems in exchange for (SAR3) Riyals three per each policy.

This agreement shall be valid for one Gregorian year starting 10/03/1436H (corresponding to 01/01/2015G) and shall be renewed by mutual written agreement. Should both parties continue to implement this agreement despite the expiration thereof, the said agreement shall be deemed to be automatically renewed for one similar period or more and under the same terms and conditions stipulated in the original agreement. The Company has indicated that it will continue to deal with Najm for Insurance Services as long as it is promoting and selling car insurance policies.

14-7-4-5 Border Crossing Car Insurance Agreement Concluded with the Company for Cooperative Insurance (Tawuniya)

On 22/03/1436H (corresponding to 13/01/2015G) the company concluded a joint agreement for the compulsory insurance on the foreign cars crossing the Kingdom of Saudi Arabia through all border crossing points (except King Fahd Causeway connecting Saudi Arabia and Bahrain) with the Company for Cooperative Insurance (Tawuniya), jointly with the following (24) insurance companies: Ace Arabia Cooperative Insurance Company, Al Sagr Company for Cooperative Insurance, Al-Ahlia for Cooperative Insurance, Allianz Saudi Fransi Cooperative Insurance Co., Allied Cooperative Insurance Group (ACIG), Al Rajhi Company for Cooperative Insurance (AlRajhi Takaful), Amana for Cooperative Insurance (Amana), Arabia Insurance Cooperative Company, AXA Cooperative Insurance Company, Buruj cooperative Insurance Company, Gulf General Cooperative Insurance Company, Gulf Union Cooperative Insurance Company, Malath Cooperative Insurance & Reinsurance Company, Saudi Arabian Cooperative Insurance Company (SAICO), Saudi Indian Company for Cooperative Insurance (WAFA), Saudi United Cooperative Insurance (Wala'a), Solidarity Saudi Takaful Company, The Mediterranean & Gulf Cooperative Insurance & Reinsurance (MedGulf), Gulf Union Cooperative Insurance Company, United Cooperative Assurance (UCA), Wataniya Cooperative Insurance Company – SNIC, Alinma Tokio Marine Company, Arabian Shield Cooperative Insurance, Salama Cooperative Insurance Co. The quotas were equally distributed under this agreement among all the parties, provided that the portfolio shall be managed by The Company for Cooperative Insurance (Tawuniya) in exchange for 15% of the portfolio net profits. A rate of 4.25% shall be deducted from the total premiums of the borders portfolio for indirect expenses. This agreement shall be governed by the regulations in force in KSA. This agreement shall be valid from 10/03/1436H (corresponding to 01/01/2015G) to 13/04/1439H (corresponding to 31/12/2017G) and shall be renewed by mutual agreement for one similar period or more.

14-7-5 Advisory Services Contracts

14-7-5-1 Accounting Services Agreement Concluded with Al Bassam and Al Nemer Allied Accountants

On 01/08/1436H (corresponding to 19/05/2015G), the Company concluded an agreement with Al Bassam and Al Nemer Allied Accountants to audit the company's account as of 31/12/2015G in addition to its operations and the changes in the shareholders equity and cash flows for the year ending on 31/12/2015G. The agreement provides also for the auditing of the quarterly financial statements for the periods ending on 30/06/2015G, 30/09/2015G, 31/12/2015G and 31/03/2016G. Al Bassam and Al Nemer Allied Accountants will be paid, in exchange for the implementation of the scope of works provided for in this agreement, fees amounting to a total value of (SAR 190,000) Riyals one hundred ninety thousand, divided as follows:

- (SAR110,000) Riyals one hundred ten thousand in exchange for the auditing of the accounts of the fiscal year ending on 31/12/2015G, (SAR 55,000) Riyals fifty five thousand of which to be paid by the Company upon signature in exchange for the accounts auditing, and the remaining balance to be settled upon the issuance of the accountant report.
- (SAR80,000) Riyals eighty thousand for the quarterly financial statements to be paid by the Company in full upon completion of the quarterly accounts auditing.

This agreement shall remain in force until the completion by Al Bassam and Al Nemer Allied Accountants of the accounts auditing and issuance of the necessary reports in this regard.

14-7-5-2 Accounting Services Agreement Concluded with Al Bassam and Al Nemer Allied Accountants

On 13/06/1436H (corresponding to 02/04/2015G), the Company concluded an agreement with Al Bassam and Al Nemer Allied Accountants for the auditing of the Company's financial statements for the period ending on 31/3/2015G, in addition to its operations and the changes in the shareholders equity and cash flows for the same period. Al Bassam and Al Nemer Allied Accountants will be paid, in exchange for the implementation of the scope of works provided for in this agreement, fees amounting to a total value of (SAR 15,000) Riyals fifteen thousand, to be paid by the Company in full upon the issuance of the accountant report.

This agreement shall remain in force until the completion by Al Bassam and Al Nemer Allied Accountants of the accounts auditing and issuance of the necessary reports in this regard.

14-7-5-3 Internal Auditing Services Agreement Concluded with Saad. Al Sabti & Partners (Protiviti's Internal Audit)

On 01/08/1436H (corresponding to 02/04/2015G), the Company concluded an agreement with Saad Al Sabti & Partners (Protiviti's Internal Audit) to provide risk assessment services, develop a three-year risk plan based on the results of the assessment and organise workshops for the Company concerning the risk assessment. Saad Al Sabti & Partners shall also provide quarterly accounts auditing services based on the plan which includes the auditing of subscriptions, claims, reinsurance, investments, technical information, human resources, legal audit and financial control. The agreement shall come into force as of the date on which the Company obtains SAMA approval (in accordance with Article 37 of the Outsourcing Regulation for Insurance and Reinsurance Companies and Insurance Service Providers) and the date of signature, and shall remain valid until the completion of the scope of works agreed upon between the parties. Saad Al Sabti & Partners will be paid in exchange for the implementation of the scope of works provided for in the agreement, fees divided as follows:

(SAR90,000) Riyals ninety thousand in exchange for the provision of risk management services and the development of three-year risk plan. 50% of this amount shall be paid upon agreement on the appointment of Saad Al Sabti & Partners and the remaining balance shall be settled upon completion of the assessment plan, auditing and organisation of workshops on the risk assessment.

(SAR302,250) Riyals three hundred two thousand and two hundred fifty, per year, in exchange for the provision of the auditing services, divided into three (3) quarterly instalments.

The Company obtained SAMA approval by virtue of Letter No. 361000082460, dated 10/06/1436H (corresponding to 30/03/2015G), entrusting Saad Al Sabti & Partners (Protiviti's Internal Audit) with the internal auditing task.

14-7-5-4 Actuarial Services Agreement Concluded with Lux Actuaries & Consultants

On 12/01/1436H (corresponding to 05/11/2014G), the Company concluded an agreement with the Bahraini company Lux Actuaries & Consultants, to provide advice and recommendations and present the actuarial results, graphics information and data concerning the Company's current and future status for a term of (3) years, provided that said term shall be reconsidered during the second quarter of 2017G and after completion of the review of the Company's financial status for 2016G. Lux will also prepare studies on the Company's ability to meet its future obligations, determine the retention rates, price the insurance products, identify and approve the Company's technical appropriations, review the Company's investment policy and give recommendations related thereto and give any actuarial recommendations related to the insurance products (for example: car and health insurance) in exchange for the following fees:

- (SAR80,000) Riyals eighty thousand in exchange for the provision of actuarial services for 2014G.
- (SAR200,000) Riyals two hundred thousand in exchange for the provision of actuarial services for 2015G.
- (SAR420,000) Riyals four hundred twenty thousand in exchange for the provision of actuarial services for 2016G.
- (SAR440,000) Riyals four hundred forty thousand in exchange for the provision of actuarial services for 2017G.

With regard to the studies related to life insurance, both parties have agreed to determine the same when the Company requests the actuary to submit a report on the financial status in exchange for a remuneration ranging between (SAR 75,000) Riyals seventy five thousand and (SAR 150,000) Riyals one hundred fifty thousand, provided that the appointed Actuarial Expert, Mr. Rowan Van Resberg shall use the services of another Actuarial Expert, Mr. Marius Chesas.

It has been agreed that the Company bears all the travel expenses and accommodation fees outside KSA or Bahrain. The Company shall also bear the withholding tax (amounting to 5% of the total remunerations).

The agreement included a clause of non-competition between the Company and the actuarial expert, by preventing the Company from attracting any of Lux employees or appointing them throughout the term of the agreement and for one year after the expiration thereof. The same provision shall apply to the actuarial expert. The Company may terminate the agreement, by virtue of a thirty-day prior written notice, in the event the actuarial expert commits any material breach of the provisions thereof.

The agreement shall be governed by the regulations in force in KSA. In the event a dispute arises between the parties and failing to reach an amicable solution, said dispute shall be brought before the Saudi courts.

The Company has obtained SAMA approval by virtue of Letter No. 361000041438 dated 15/3/1436H (corresponding to 05/01/2015G) on the non-objection to appoint Lux Actuaries & Consultants represented by Mr. Rowan Van Resberg in his capacity as the actuarial expert of the Company.

14-7-5-5 Legal Advice Services Agreement Concluded with Dhabaan and Partners (in association with Eversheds)

On 16/07/1435H (corresponding to 15/05/2014G), the Company concluded an agreement with Dhabaan and Partners (in association with Eversheds) to provide legal services in the field of businesses and companies in KSA, including but not limited to the following: provide the company with legal consultancies and express legal opinion on matters related to Saudi law and regulations (Companies Law, Labour Law, Companies Governance...), prepare and review minutes of the meetings of partners and board of directors, attend meetings, represent the company before the governmental authorities (such as SAMA and Council of Cooperative Health Insurance), renew all the licenses, permits and certificates obtained by the Company and amend the constitutional documents of the Company upon the Company's request (such as the amendment of the bylaws). The parties have explicitly excluded from the scope of work of the legal advisor any matters related to litigation or arbitration, tax issues and subjects, acquisition and merger operations or bank transactions (such as bank facilities and financing contracts). The term of this agreement shall be one year, automatically renewed for a similar period unless one of the parties informs the other thirty days prior to the expiration of the agreement of his intention not to renew it. The Company shall be entitled to terminate the agreement at any time by sending a thirty-day prior notice to the legal advisor. The legal advisor shall receive in exchange for its services an annual fee amounting to (SAR 172,260) Riyals one hundred seventy two thousand and two hundred sixty for 120 working hours. The said annual fee shall be paid in two instalments with an interval of (6) months, in addition to an amount of (SAR 54,000) Riyals fifty four thousand for the renewal of licences and certificates and an amount of (SAR 54,000) Riyals fifty four thousand for the update and amendment of the company's constitutional documents. Concerning the governmental fees and other expenses (documents translation) which are incurred by the legal advisor, it has been agreed to be borne by the Company. Pursuant to the agreement, should the legal advisor commit any breach of the contract provisions or any negligence causing any damage to the Company, the limit of the legal advisor liability toward the Company shall not exceed (SAR 5,000,000) Riyals five million. The said agreement shall be governed by the regulations in force in KSA and in the event a dispute arises between the parties, they shall have recourse to arbitration according to the Saudi Arbitration Law.

14-7-6 Information Technology (IT) Contracts

The Company has an independent IT Department which has adopted a certain number of regulations and policies to regulate its work and ensure the protection of the database, information and software and programs. Many computer software and IT contracts and agreements have been concluded, the most important of which are summarized below:

14-7-6-1 Technical Support Services Agreement Concluded with the Electronic International Communications Co.

On 18/01/1436H (corresponding to 11/11/2014G), the Company signed the offer of the Electronic International Communications Co. to provide technical infrastructure management services with a value of (SAR54,000) Riyals fifty four thousand per year, to be settled in monthly payments each of (SAR 4,500) Riyals four thousand five hundred per month. Based on the submitted offer, the Electronic International Communications Co. will provide technical support for a period of (60) sixty days per year, with an average of (7) seven hours per day, provided that an amount of (SAR650) Riyals six hundred fifty is paid for every additional working day. The agreement shall be yearly renewed unless one of the parties notifies the other of its intention to terminate the contract (30) thirty days before the date of each renewal.

14-7-6-2 Technical Support Agreement with Trillion IT Solutions

On 18/04/1436H (corresponding to 08/02/2015G), the Company concluded an agreement with Trillion IT Solutions (for software), headquartered in Hyderabad, India. Under this agreement, Trillion IT Solutions shall provide technical support services to the Company. The agreement shall be valid from 11/04/1436H (corresponding to 01/02/2015G) to 14/5/1439H

(corresponding to 31/01/2018G). The total value of the agreement is (USD 120,000) USD one hundred twenty thousand per year (equivalent to (SAR 450,000) Riyals four hundred fifty thousand), to be paid in 12 instalments of a value of (USD 10,000) USD ten thousand per month (equivalent to (SAR 37,500) Riyals thirty seven thousand five hundred) or as specified in the statement of work or the annex attached to the contract and agreed upon by the parties. The said amounts shall not include the withholding tax (5%) which shall be paid by the Company.

14-7-6-3 Microsoft Use Agreement Concluded with MDS for Computer Systems

On 20/05/1434H (corresponding to 31/03/2013G) the Company concluded with MDS for Computer Systems an agreement for the renewal of Microsoft program under no. (WH150218-ANBINS-MS). The said agreement shall remain in force for three years, ending on 22/06/1437H (corresponding to 31/03/2016G) and shall have a total value of (SAR 277,108) Riyals two hundred seventy seven thousand and one hundred eight, to be paid in advance.

14-7-6-4 Oracle Financial Software Technical Support Services Agreement Concluded with Oracle Software Systems Co., Ltd.

On 28/04/1435H (corresponding to 01/03/2014G), the company concluded with Oracle Software Systems Co., Ltd. an agreement for the provision of technical support of Oracle Financial Software under no. (5512374) ending on 22/08/1437H (corresponding to 29/05/2016G), with a total value of (USD 22,353.41) USD twenty two thousand three hundred fifty three and forty one cents (in addition to the taxes) (equivalent to (SAR 83,825) Riyals eighty three thousand eight hundred twenty five).

14-7-6-5 Licensing Agreement for the Use of Toad for Oracle

On 30/04/2014G, the Company purchased online Toad for Oracle from Azimi Company for an amount of (SAR 10,091.25) Riyals ten thousand ninety one and twenty five Halalas. The agreement shall be renewed annually.

14-7-6-6 BCWF-100-249 Software Technical Support Agreement Concluded with Blue Coat

ALICO concluded with Blue Coat Company an agreement for BCWF-100-249 Software Technical Support, effective from 12/11/1436H (corresponding to 27/08/2015G) until 24/11/1437H (corresponding to 25/09/2016G). The said licences have been purchased through MDS and through the distributor Scope Middle East Company. Under this agreement, Blue Coat Company shall provide technical support services for ALICO. ALICO has transferred the said services to the Company.

The company confirms that the user rights will be completely transferred during 2016G.

14-7-6-7 Business Management Networks Co. Ltd Agreement for Maintenance and Technical Support

The Company concluded with Business Management Networks Co. Ltd an agreement for the provision of general, preventive, periodic and corrective maintenance of the equipment in the Company's headquarters in Riyadh. The said agreement shall be valid from 12/06/1436H (corresponding to 01/04/2015G) to 24/11/1437H (corresponding to 25/09/2016G). The value of the agreement shall be (SAR 65,000) Riyals sixty five thousand per year, to be paid in advance. This contract shall be automatically renewed with a value increase of 10% per year. This agreement shall be governed by the regulations in force in KSA and either party shall have the right to terminate it in case of breach or bankruptcy of any of the parties, by sending a (30) thirty-day prior written notice to the other party.

14-7-6-8 Oracle Software Technical Support Agreement Concluded with Memphis Co. Ltd

On 07/02/1434H (corresponding to 20/12/2012G) the Company concluded with Memphis Co. Ltd an agreement for the Oracle Software technical support. The said agreement has been renewed on 12/07/1436H (corresponding to 01/05/2015G) and shall remain in force until 21/06/1437H (corresponding to 30/03/2016G). The daily service use cost is (USD 174) USD one hundred seventy four, provided that the total annual service value does not exceed (USD 40,194) USD forty thousand one hundred ninety four, equivalent to (SAR 150,727) Riyals one hundred fifty thousand seven hundred twenty seven. The said amount does not include the withholding tax amounting to (5%) which shall be paid by the Company.

14-7-6-9 Licensing Agreement to Use BlackBerry Applications and Software Concluded with EMS Company

On 20/05/1435H (corresponding to 21/03/2014G), the Company concluded with EMS company specialized in the provision of mobile telecommunications solutions, BlackBerry Enterprise Service 10 Agreement to take advantage of technology solutions and business management programs on the mobile phone. This agreement has also provided for mobile applications management services and secure communication services for BlackBerry phones and Android and IOS devices

through the “safe workplace” option which separates work data and applications from personal data and applications. The Company shall benefit from the technical support services through the term of the agreement. The total value of services amounts to (SAR 9,714) Riyals nine thousand seven hundred fourteen per year and the agreement has been renewed under the same conditions until 11/06/1437H (corresponding to 20/03/2016G). This agreement shall be governed by the laws and regulations in force in UAE and Dubai Courts shall have the competence to settle any dispute which may arise between the parties.

14-7-6-10 Technical Support Services Agreement Concluded with CISCO

On 14/08/1436H (corresponding to 01/06/2015G) the Company concluded with CISCO a networks management agreement under which the Company shall benefit from the technical support services provided by the IT experts online to support it to solve operational problems in a timely manner and improve the network performance. The services total value shall amount to (SAR 101,329) Riyals one hundred and one thousand and three hundred twenty nine per year. The agreement shall remain valid until 25/08/1437H (corresponding to 01/06/2016G).

14-7-6-11 Technical Support Services Agreement Concluded with JUNIPER NETWORKS

On 13/08/1436H (corresponding to 31/05/2015G), the Company concluded with JUNIPER NETWORKS a technical support services agreement under which a specialised team shall receive and process the Company's requirements online, shall provide all appropriate solutions for the IT problems faced by the Company and shall protect data sent from and to the Company from viruses and malicious software. JUNIPER NETWORKS shall also provide the necessary training for the Company's staff on troubleshooting. The total value of the services amounts to (SAR 6,875) Riyals six thousand eight hundred seventy five per year and the agreement shall remain valid until 25/08/1437H (corresponding to 01/06/2016G).

14-8 Insurance Policies Issued by the Company

Below is a summary of the most important insurance policies issued by the Company in terms of the premiums value and insurance coverage provided for the customers:

14-8-1 Cooperative Health Insurance Policy with Arab National Bank

On 04/12/1436H (corresponding to 17/09/2015G), the Company signed three cooperative health insurance policies with the Arab National Bank issued under no. (5004000000) (for VIP customers), no. (5004010000) (for the golden category) and no. (5004020000) for (A category). This policy shall cover the health care costs of the insured, through a network of health care providers appointed by the Company and provided that the health condition is included in the insurance coverage. The coverage shall include all the effective employees who shall be eligible for the insurance as of the date of entry into force of the policy. (husband/wife/wives and children – the minimum: from the date of birth and sons: the maximum: until 25 years). As for the workers who are later employed by the policyholder, they shall be deemed eligible for the insurance as of the date on which they joined work or the date of their arrival in the Kingdom. The insurance coverage shall also include under this policy the unemployed daughters of the employee – if single, widows and divorced women being the dependents of the worker. This coverage shall be up to the maximum age that applies to the employee. The policy shall include the recoverable amounts of the effective value paid by the insured in exchange for the medical services, materials and devices which are not excluded from the policy and provided by a licensed physician, in case of a disease and provided that said expenses are necessary and appropriate based on the regular rates at the time and place they were incurred. Based on the above, the recoverable expenses shall include:

- All medical examination, diagnosis, treatment and drugs costs, based on the policy chart
- All inpatient costs, including surgeries and operations for one day and delivery
- Dental and gum treatment
- Preventive measures defined by the Ministry of Health, such as vaccines and mother and child care.
- Severe psychological conditions and communicable diseases which require quarantine and are defined by the Ministry of Health
- Costs of returning the insured body to homeland.

This policy shall remain valid until 14/12/1437H (corresponding to 16/09/2016G) and the annual subscription value shall amount to (SAR 53,778,390) Riyals fifty three million seven hundred seventy eight thousand and three hundred ninety.

The Cooperative Health Insurance Council and the Committee formed by virtue of a decision issued by the Council President to examine the violations of the Cooperative Health Insurance Law shall have the competence to settle all the disputes which may arise from or be related to this policy according to Article (14) of said law.

14-8-2 Marine Cargo Insurance Policy (Open Coverage) with the Arab National Bank

On 18/05/1436H (corresponding to 08/03/2015G) the Company signed a marine cargo insurance policy (open coverage) with the Arab National Bank, issued under no. (P/11/41/1). This policy shall provide a broad coverage for the bank customers against the losses and damages which could be caused to goods during sea, land or air transportation (from the loading site to the warehouses) around the world from the manufacturer or provider to the customers. Said coverage may also include all the phases of goods shipment, if transported between many countries even if different transportation means have been used (sea, land, air). The coverage basis shall be in accordance with the international conditions adopted in international markets in this regard.

This policy shall remain valid until 28/05/1437H (corresponding to 07/03/2016G) and the due premiums shall be calculated for each operation alone and after providing the Company with the invoices and documents related thereto. This policy shall be governed by the regulations of KSA and the Saudi courts shall have the competence to settle any dispute which may arise between the parties.

14-8-3 Properties All Risk Insurance Policy with the Arab National Bank

On 12/06/1436H (corresponding to 01/04/2015G), the Company signed two properties all risk insurance policies with the Arab National Bank issued under no. (P/11/34/54) and no. (P/11/34/5). The first policy shall cover the properties against the threat of terrorism in which case the compensation shall include the damages caused to properties as a result of terrorist acts and the second policy shall cover any sudden and unexpected loss, destruction or damage to the insured properties or any part thereof, requiring repair or replacement. In this case, the Company shall compensate the bank for the value of the properties as on the date of the accident whether in cash or by replacing or repairing the damage within the limits of the amount agreed upon in the policy. The annual subscription value for the first policy shall amount to (SAR 816,816) Riyals eight hundred sixteen thousand and eight hundred sixteen and for the second policy (SAR 160,000) Riyals one hundred sixty thousand. Both policies shall be governed by the regulations of KSA and the Saudi courts shall have the competence to settle any dispute which may arise between the parties. They shall remain valid until 28/05/1437H (corresponding to 31/03/2016G).

14-8-4 Comprehensive General Liability Insurance Policy with the Arab National Bank

On 12/06/1436H (corresponding to 01/04/2015G) the Company signed a comprehensive general liability insurance policy with the Arab National Bank issued under no. (P/11/730/39). This policy shall cover the legal liability which the insured is legally responsible to settle as compensation for third parties as a result of any accidental physical injury or injuries, including the death, disease or damage, in addition to any damages or losses caused to the properties of third parties during the course of the insured work, profession or activities.

The comprehensive general liability insurance policy provides coverage for the legal liabilities toward third parties, in connection with the businesses of the policyholder and which occur in the work sites defined in the insurance policy table. The coverage provided by this policy shall include the legal liability for damages, expenses and costs incurred by the rightful party with regard to:

- The physical injury caused to any person accidentally
- The damage caused to properties accidentally

The insured shall be also covered in any lawsuit or claim which may be filed against him in KSA, USA, Puerto Rico and Canada. The annual subscription value shall amount to (SAR 30,000) Riyals thirty thousand. The policy shall remain valid until 28/05/1437H (corresponding to 31/03/2016G) and shall be governed by the regulations of KSA and the Saudi courts shall have the competence to settle any dispute which may arise between the parties.

14-8-5 Comprehensive Installation Risk Insurance Policy with the Saudi Electricity Company

On 11/03/1436H (corresponding to 01/01/2015G) the Company signed a comprehensive installation risk insurance policy with the Saudi Electricity Company issued under no. (P/11/35/7) and covering all the risks related to the machines assembling and installation, in addition to the machines testing and operating period. The policy provides a comprehensive coverage against all risks, unless those specifically excluded therefrom, and which requires repairing and replacement. In such cases, the Company will compensate the insured for the value of the properties as on the date of the accident occurrence whether in cash or by replacing or repairing the damage within the limits of the amount agreed upon in the policy. The insurance coverage shall also include additional risks, such as liability toward third parties and material damages:

First Part: Material Damages: the policy shall cover the unexpected loss or damage resulting from any cause, other than those specifically excluded therefrom, and requiring repairing and replacement. In such cases, the Company will compensate whether in cash or by replacing or repairing the damage (at its own discretion) within the limits of the amount agreed upon in the policy.

Second Part: Liability Toward Third Parties: the Company shall compensate the insured within the limits of the amount defined by this policy for any losses he incurs as a result of the following:

- Physical injuries or diseases caused to third parties (whether they led to death or not)
- Unexpected damage or loss caused to third parties properties.

And in all cases, provided that these material damages are directly related to the construction or installation works, falling under the first part and occurring in the work site or nearby during the term of the insurance. The annual subscription value shall amount to (SAR 21, 833,923) Riyals twenty one thousand eight hundred thirty three thousand and nine hundred twenty three. The policy shall remain valid until 14/04/1439H (corresponding to 01/01/2018G) and shall be governed by the regulations of KSA and the Saudi courts shall have the competence to settle any dispute which may arise between the parties.

14-9 Insurance Policies with Other Companies

The Company, in its capacity as insured, has concluded a number of insurance policies with local insurance companies covering some risks to which it may be exposed while carrying out its activities. The insurance coverage shall include the following:

14-9-1 Employees Health Insurance

Pursuant to Article (144) of the Labour Law, the employer shall provide a health insurance for all the employees in accordance with the levels defined by the Minister of Labour, taking into account what is provided by the Cooperative Health Insurance Law. Moreover, Article (5) of the implementing regulation of the Cooperative Health Insurance Law adopted by virtue of Ministerial Decision no. (9/35/1/ض) dated 13/04/1435H (corresponding to 13/02/2014G.), has confirmed that the employer shall be obliged to conclude a health insurance policy with one of the insurance companies, covering all the employees who are subject to this law in addition to their families members. The employer shall be committed to provide an insurance coverage for the beneficiary as of the date on which he arrives in KSA and to deliver him the insurance card within fifteen working days maximum as of his arrival date.

The insurance company shall issue a certificate to the employer (policyholder) upon request, on the valid insurance coverage provided for the employees, to be submitted to the competent authority in charge of issuing and renewing the residence permits.

The Company in its capacity as employer did not conclude any insurance contract for its employees with any insurance company licensed to work in KSA but has directly provided health insurance coverage for all the employees and their families members. The total health insurance policy value no. (5000000000) dated 02/09/1436H (corresponding to 01/12/2014G) amounted to (SAR 597,949) Riyals five hundred ninety seven thousand and nine hundred forty nine. This policy shall cover the health care costs of the insured, through a network of healthcare providers appointed by the Company and provided that the health condition is included in the insurance coverage. The coverage shall include all the effective employees who shall be eligible for the insurance as of the date of entry into force of the policy. (husband/wife/wives and children – the minimum: from the date of birth and sons: the maximum: until 25 years). As for the workers who are later employed by the Company, they shall be deemed eligible for the insurance as of the date on which they joined work or the date of their arrival in the Kingdom. The insurance coverage shall also include under this policy the unemployed daughters of the employee – if single, widows and divorced women being the dependents of the worker. This coverage shall be up to the maximum age that applies to the employee. The policy shall include the recoverable amounts of the effective value paid by the insured in exchange for the medical services provided for the insured by a licensed physician in KSA, in case of a defined disease and provided that said expenses are necessary and appropriate based on the regular rates at the time and place they were incurred and that said expenses and services are not excluded from the policy. Based on the above, the recoverable expenses shall include:

- All medical examination, diagnosis, treatment and drugs costs, based on the policy chart
- All inpatient costs, including surgeries and operations for one day and delivery
- Dental and gum treatment
- Preventive measures defined by the Ministry of Health, such as vaccines and mother and child care.
- Severe psychological conditions and communicable diseases which require quarantine and defined by the Ministry of Health
- Costs of returning the insured body to homeland.

This policy shall remain valid until 01/03/1438H (corresponding to 30/11/2016G). The Cooperative Health Insurance Council and the Committee formed by virtue of a decision issued by the Council President to examine the violations of the Cooperative Health Insurance Law shall have the competence to settle all the disputes which may arise from or be related to this policy according to Article (14) of said law.

14-9-2 Products General Liability Insurance Policy with The Company for Cooperative Insurance (Tawuniya)

On 12/04/1436H (corresponding to 01/02/2015G) the Company has concluded a products general liability Insurance contract with The Company for Cooperative Insurance (Tawuniya) by virtue of policy no. (487029). This policy shall cover the legal liability which the insured shall be legally responsible to settle as compensation for third parties as a result of causing any accidental physical injury to third parties, in addition to any damages or losses caused to the properties of third parties and which may arise during the course of its activities in KSA. The coverage shall not include the injuries and damages resulting from cars, water vehicles and aircraft accidents, nor the damages caused to the properties which were leased with the aim of acquisition through loan or lease contract, except for the headquarters of the company. In addition, the coverage shall not include the physical injuries of the employees, the damages resulting from war, invasion or other acts of wars and the damage resulting from a wilful act or negligence. The maximum amount of compensation borne by Tawuniya Company is (SAR 7,500,000) Riyals seven million five hundred thousand for each accident or for a group of accidents during the term of the policy. The company pays in exchange for this coverage an annual amount of (SAR 10,000) Riyals ten thousand. This policy shall expire on 21/04/1437H (corresponding to 31/01/2016G). This policy shall be governed by KSA regulations and the Insurance Dispute Committee stipulated in Article (20) of the Cooperative Insurance Companies Control Law issued by Virtue of Decree no. (32/ﷲ) dated 02/06/1424H shall have the competence to settle any dispute.

14-9-3 Comprehensive Properties Insurance Policy with the Company for Cooperative Insurance (Tawuniya)

On 12/04/1436H (corresponding to 01/02/2015G) the Company has renewed the properties all-risk insurance contract with The Company for Cooperative Insurance (Tawuniya) by virtue of policy no. (485036). This policy provides comprehensive coverage for all the commercial properties against all risks (sudden damages) and shall include the building, furniture, fixtures and fittings, equipment, tools and office furniture. As for the damages resulting from fire, the total value of Tawuniya liability shall be equal to (SAR 1,000,000) Riyals one million for every accident or a group of accidents during the term of the policy. As a condition for the insurance coverage, the Company shall take all reasonable precautions to prevent the damage or the loss. This policy does not cover the terrorist acts or wars. The maximum amount of compensation borne by Tawuniya Company is (SAR 7,539,577) Riyals seven million five hundred thirty nine thousand and five hundred seventy seven during the term of the policy. The Company pays in exchange for this coverage an annual amount of (SAR 5,302) Riyals five thousand three hundred two. This policy shall expire on 24/07/1437H (corresponding to 30/04/2016G). This policy shall be governed by KSA regulations and the Insurance Dispute Committee stipulated in Article (20) of the Cooperative Insurance Companies Control Law issued by Virtue of Decree no. (32/ﷲ) dated 02/06/1424H shall have the competence to settle any dispute. It is worth noting that, as a result of the fire accident which occurred in the building, the Company has submitted a claim for the damages compensation amounting to SAR 145,438 and The Company for Cooperative Insurance (Tawuniya) has settled this amount in full.

14-9-4 Board of Directors Members Liability Insurance Policy with Trade Union Cooperative Insurance Company

On 26/06/1436H (corresponding to 15/04/2015G) the Company concluded with Trade Union Cooperative Insurance Company a board of directors members and managers liability insurance contract by virtue of policy no. (1/1/35/23/15/257) covering their legal liabilities arising from an unintentional or involuntary mistake or negligence committed or alleged to be committed by them while managing the company's affairs. The coverage value shall amount to (SAR 37,500,000) Riyals thirty seven million five hundred thousand during the term of the policy. Said policy shall exclude any damage caused by an intentional act or negligence, the properties losses, physical damages or losses and damages occurring before the date of signature of the policy. The company pays in exchange for this coverage an annual amount of (SAR 75,000,000) Riyals seventy five thousand. This policy shall expire on 07/07/1437H (corresponding to 14/04/2016G). This policy shall be governed by KSA regulations and the Insurance Dispute Committee stipulated in Article (20) of the Cooperative Insurance Companies Control Law issued by Virtue of Decree no. (32/ﷲ) dated 02/06/1424H shall have the competence to settle any dispute.

14-9-5 Comprehensive Private Cars Insurance Policy with the Company for Cooperative Insurance (Tawuniya)

On 14/4/1436H (corresponding to 04/02/2015G) the company signed with The Company for Cooperative Insurance (Tawuniya) a comprehensive insurance policy under no. (P100550215001346) for a 2014 Chrysler 300 car bearing the plate no. (4923 ﺩ ﻯ ﺡ) and owned by the Company. The coverage shall include the loss or damage caused by car accidents taking place in KSA to the insured car, in addition to the civil liability toward third parties with regard to death, physical injury or property damages. The limit of the compensation paid by the Tawuniya shall be as follows:

- Damages to the insured car – (SAR 135,000) Riyals one hundred thirty five thousand
- Liability toward third parties - (SAR 10,000,000) Riyals ten million, including the compensation for physical injuries such as blood money (Diyaa) and the assessed amounts for the injuries, medical expenses and material damages.

- Emergency medical expenses (SAR 1,000) Riyals one thousand per person and (SAR 5,000) Riyals five thousand per accident.

This policy explicitly excludes any violation of the laws in force in KSA, cases of driving without a valid Saudi driving licence issued for the same vehicle category, cases where the driver is not authorised by the insured to drive the insured cars, cases where the driver is under the influence of alcohol or illegal drugs or cases where the car is being used for non-licensed purposes. Moreover, this policy does not cover the violations and penalties. The Company shall bear the amount of (SAR 1,000) Riyals one thousand for every claim. The company pays in exchange for this coverage an annual amount of (SAR 7,795) Riyals seven thousand seven hundred ninety five. This policy shall expire on 23/04/1437H (corresponding to 03/02/2016G). This policy shall be governed by KSA regulations and the Insurance Dispute Committee stipulated in Article (20) of the Cooperative Insurance Companies Control Law issued by Virtue of Decree no. (32/م) dated 02/06/1424H shall have the competence to settle any dispute.

14-10 Agreement for the sale and Transfer of the Insurance Portfolio of American Life Insurance Company

The Company has acquired the insurance portfolio of the American Life Insurance Company (hereinafter referred to as ALICO), consisting of total premiums subscribed in KSA, including all assets and liabilities relating thereto. The agreement was concluded between the Company and ALICO on 01/04/2015 for the purpose of completing the acquisition of the insurance portfolio and all legal procedures to that effect. The company obtained the final approval on the transfer of the protection and savings portfolio pertaining to ALICO in KSA from SAMA, by virtue of Letter No. (361000078280) dated 28/05/1436H corresponding to 19/03/2015G). Pursuant to the said agreement, the parties shall abide by the requirement of the insurance portfolio transfer provided that the insurance policies issued and subscribed by ALICO customers before 24/08/2009G are purchased with retroactive effect. The parties have agreed that in exchange for the transfer process, the Company (the assignee) and ALICO (the assignor) shall conclude a reinsurance agreement with regard to the portfolio. As one of the prerequisites of the transfer process, the parties have agreed that the Company shall obtain the approval of SAMA and competent governmental authorities and that each party shall provide the other with an evidence proving that it has obtained the approval of its shareholders assembly and / or board of directors concerning the insurance portfolio transfer. Moreover, pursuant to the said agreement, ALICO shall bear all the expenses and costs (including the legal advisor and Actuary fees) paid by the Company in order to complete the portfolio transfer process and shall notify the policyholders of the transfer process, within (15) days as of the date of issuance of SAMA approval. With regard to the pending lawsuits and claims (whether filed by or against the Company) which have not been settled as on the date of the agreement, ALICO shall, pursuant to Article (9) of the agreement, continue to follow up said lawsuits and claims and bear all legal and financial consequence that may arise therefrom. On another hand, concerning the claims and legal lawsuits related to the insurance contracts of the portfolio which may arise as of and/or after the transfer of the insurance portfolio, ALICO shall be responsible for their management and handling according to the terms and provisions of the reinsurance agreement. The parties have agreed and pledged to waive their rights to terminate, cancel or withdraw from this agreement for any reason whatsoever.

This agreement shall be governed by and interpreted according to the regulations in force in KSA. In case any dispute arises between the parties with regard to the implementation, validity or interpretation of this agreement, the parties shall make all reasonable efforts to settle said dispute amicably. However, failing to reach an amicable settlement within 60 days, said matter shall be finally settled by arbitration according to the arbitration rules issued by the International Chamber of Commerce.

The ordinary general assembly of the company approved on 23/07/1436H (corresponding to (12/05/2015G) the purchase of ALICO portfolio.

14-11 Disputes and Lawsuits

As of the date of this prospectus, the company is not party to any lawsuit filed by or against it and which could have a material impact on its businesses.

14-12 Intangible Assets

14-12-1 Trademark

The Company's competitive status relies largely on its ability to use its trademark and logo through which it promotes and sells its services. Thus, the Company aims at maintaining the vitality of its trademark which has been appreciated by the customers. The Company's competitive status also relies on many other factors including the ability to use the trademark to provide services in the markets and protect the Company's rights.

On 29/10/1425H (corresponding to 25/08/2014G) the Company concluded trademarks licensing agreements with MetLife Inc. (ALICO's mother company), the American International Group, Inc. (AIG) (Chartis mother company) and the Arab

National Bank (hereinafter referred to individually as “licensor” and collectively as “licensors”). These agreements have been concluded according to a standard form, including the following terms and conditions:

- These agreements aim at authorizing the company to use the trademarks pertaining to each licensor in KSA within the scope of its activities and with regard to the insurance products. The use of trademarks is a non-exclusive revocable right which may not be assigned to third parties without the prior written approval of the licensors. However, as an exception to the foregoing, the Company shall be entitled, during the term of these agreements, to give the bank and ANB Insurance Agency a (non-exclusive) licence to use the trademark free of charge for the purpose of promoting and selling the company's insurance products, provided that the licensors shall be granted the right to supervise the use of licensed trademarks by the Company, the bank and ANB Insurance Agency and to terminate the agreement in case of non-compliance with the condition which were agreed upon.
- The Company shall use the unified website (www.metlifeaiganb.com) which has been registered by the licensors.
- The Company shall have the right to use every trademark alone or all together and the subsidiaries of the Company may not be entitled to use said trademarks without obtaining the prior approval of the licensor. The licensors shall provide the necessary support and assistance to register the trademarks in KSA.
- The Company shall undertake to notify the licensors in case of occurrence of any violation or breach of the trademarks and to take all measures approved by the licensors to protect the trademarks
- While using the trademarks, the Company should mention that the licensors preserve all the trademarks property rights
- The Company undertakes to use the trademarks in accordance with the regulations in force
- The Company shall not be entitled to register the trademarks with any governmental authorities in such a way to cause confusion to others or to claim that these trademarks are owned by the Company
- The agreements shall be terminated in the following cases:
 - Exit of one of the licensors from the Company
 - Dissolution of the company
 - Material breach of the agreements.

In case of termination of the agreements, the Company shall immediately stop to use the trademarks and shall, within (6) six months as of the termination date, withdraw all the marketing materials and G.s showing a trademark being used under these agreements.

- This agreement shall be governed by the regulations in force in KSA. Any dispute which may arise between the parties shall be settled by arbitration according to the arbitration rules issued by the International Chamber of Commerce, provided that the place of arbitration shall be the UAE and all procedures be made in English.

On 07/01/1435H (corresponding to 10/11/2013G), the company submitted to the Trademarks Department at the Ministry of Commerce an application for the registration of trademark no. (1435000368) under Category (36) thirty six pertaining to the insurance services. The said trademark is as follows: (the Latin A letter distinctively displayed inside a circle and the expression: MetLife AIG ANB Insurance, separated by a diagonal line, written in Latin letters; in the below section, the Latin letter A distinctively displayed inside a circle and the Arabic expression **العربي للتأمين** along with the Latin expression MetLife/AIG, separated by a diagonal line, all typed in the different shades of blue, red and grey).

The application has been rejected because the word **العربي** and the A letter inside the circle were similar to trademark no. 96/956 pertaining to the Arab National Bank. The Company has submitted an objection to HE Minister of Commerce who supported the decision of the Trademarks Department.

Consequently, the Company confirmed that it will make the necessary amendments to the suggested trademark to avoid any confusion and a new application will be submitted for the registration of the trademark.

On 03/02/1437H (corresponding to 15/11/2015G) the company obtained SAMA approval to use a new trademark, after which the company's logo becomes as follows:



15. Experts Statement

The Financial Advisor, Legal Advisor, Financial Due Diligence Advisor, Actuary and Company's Auditor whose names appear in pages viii thereof have given their written consent to the publication of their statements in the form included in this Prospectus and they have not withdrawn such a consent until the date of this Prospectus.

None of the above advisers or their employees or any of their relatives has any shareholding or interest of any kind in the Company.

16. Underwriting

16-1 Underwriter

The Company has entered into an Underwriting Agreement with Saudi Hollandi Capital according to which the Underwriter undertakes to subscribe for seventeen million and five hundred thousand (17,500,000) Ordinary Shares at an Offer Price of ten Saudi Riyal (SAR 10) per Share, representing all Rights Issue Shares offered for subscription ("Underwriting Agreement").

The Underwriter:**Saudi Hollandi Capital**

P.O.Box: 1467, Riyadh 11431
Prince Abdulaziz bin Musaed bin Jalawy Street
Tel: +966 1 416 3133
Fax: +966 1 416 3133 Ext 5308
Email: info@shc.com.sa
Website: www.shc.com.sa



16-2 Summary of the Underwriting Agreement

The following are the terms of the Underwriting Agreement:

- The Company undertakes to the Underwriter that, on the allocation Date, it will allocate and issue to the Underwriter all Rights Issue Shares that have not been subscribed by the Eligible Shareholders at the Offer Price
- The Underwriter undertakes to the Company that it will, on the allocation date, purchase the number of Offer Shares not subscribed for by the Eligible Shareholders, at the Offer Price
- The Underwriter receives financial consideration for acting as the underwriter and it represents a specified percentage of the total offering proceeds

| Scope of Underwriting Agreement | |
|--|----------------------------|
| Number of Rights Issue Shares Underwritten | 17,500,000 Ordinary Shares |
| Offer Price | SAR 10 per Share |
| Percentage of the Offering Underwritten | 100% |

17. Offering Expenses

Total amount of the Offering costs and expenses is expected to be six million Saudi Riyals (SAR 6,000,000), which will be paid to cover the expenses of the Rights Issue. This includes the fees of the Financial Advisor, Legal Advisor, Financial Due Diligence Consultant, Media and Public Relations Advisor, Underwriter, Receiving Agents, as well as the expenses arising from marketing, printing and distribution and other associated Offering expenses. The Company will incur all expenses relating to the Offering.

18. Exemptions

Neither the Company, nor the Financial Advisor has submitted any request to the CMA for exemption from any requirements stipulated in the Listing Rules.

19. Subscription Terms and Conditions

The application for Admission of the New Shares has been submitted pursuant to the Listing Rules. All Eligible Shareholders, holders of acquired Rights and applicants must carefully read the Subscription Terms and Conditions prior to completing the Subscription Application Form or the Rump Offering Form since the completion, execution and submission of the Subscription Application Form or the Rump Offering Form constitutes acceptance of, and agreement to, the Subscription Terms and Conditions.

Signature of the Subscription Application Form and its submission to the Receiving Agents constitutes a binding agreement between the Company and the Eligible Person. Eligible persons may obtain the Prospectus and the Subscription Application Form from the following Receiving Agents:

Arab National Bank

King Faisal Street
P. O. Box 56921, Riyadh 11564
Kingdom of Saudi Arabia
Tel: +966 11 402 9000
Fax: +966 11 402 7747
E-mail: ashamim@anb.com.sa
Website: www.anb.com.sa



The National Commercial Bank

King Abdul Aziz Road Jeddah
P.O. Box 3555, Jeddah 21481
Saudi Arabia
Tel: +966 (21) 649 3333
Fax: +966 (11) 643 7426
Website: www.alahli.com
E-Mail : contactus@alahli.com



Riyad Bank

King Abdulaziz Road
P.O. Box 22622, Riyadh 11614
Kingdom of Saudi Arabia
Tel: +966 11 401 3030
Fax: +966 11 404 2618
E-mail: customercare@riyadhbanks.com
Website: www.riyadbank.com



19-1 Subscription for the New Shares

On 13/05/1437 H (corresponding to 22/02/2016 G), the EGM approved the Board of Directors' recommendation to the increase the Share Capital through the Rights Issue. In accordance with this Prospectus, seventeen million five hundred thousand (17,500,000) New Shares at a nominal amount of ten Saudi Riyal (SAR 10) per Share will be offered for subscription through the Rights Issue, representing 100% of the Company's pre-offering Share Capital, at an Offer Price of ten Saudi Riyal (SAR 10) per Share. The New Shares will be issued as one (1) Right for every one (1) Share.

The Prospectus and the Subscription Application Form can be obtained from the Receiving Agents mentioned above.

Subscription to the New Shares is offered to the Registered Shareholders, as at the close of trading on the date of the EGM held on Monday 13/05/1437 H (corresponding to 22/02/2016 G) ("Eligibility Date") and to the Eligible Persons who purchased the Rights during the Rights Trading Period, including Registered Shareholders who bought new Rights in addition to the Rights that they were previously owned.

If Eligible Persons do not exercise their Rights and subscribe for the New Shares by the end of the Second Offering Period, the Rump Shares resulting from non-exercise or sale of the Rights by Eligible Persons will be made available to Institutional Investors during the Rump Offering.

Registered Shareholders may trade their Rights deposited in their accounts through Tadawul. These Rights will be considered acquired by all Registered Shareholders in the Company's Shareholders Register as at the end of the EGM date (Eligibility Date). Each Right grants its holder eligibility to subscribe for one (1) New Share at the Offer Price. The Rights shall be deposited, within a maximum of two working days after the date of the EGM. Rights will appear in the Registered Shareholders' accounts under a new symbol assigned to the Rights Issue.

The schedule and details of the Offering are as follows:

19-1-1 First Offering Phase and the Rights Issue Trading Period

19-1-1-1 First Offering Phase

First Offering Phase: During the phase from Tuesday 21/05/1437 H (corresponding to 01/03/2016 G) until Thursday 01/06/1437 H (corresponding to 10/03/2016 G), only Registered Shareholders may subscribe (in whole or in part) for the New Shares through the exercise of the Rights provided in the First Offering Phase. The subscription for the New Shares shall be approved, provided that Registered Shareholders continue to have sufficient Rights available in their relevant account at the end of the Trading Period. The First Offering Phase coincides with the Trading Period during which Registered Shareholders and the Public may trade in the Rights.

Subscription in New Shares shall take place through submission of a Subscription Application Form to any branch of a Receiving Agent, or by ATM, telephone, or electronically, with Receiving Agents that offer such services to subscribers. It should be noted that at the end of the Trading Period of the Rights, if a Registered Shareholder owns a number of Rights lower than the number of Rights that were subscribed for during the same phase, his subscription application will be rejected in whole or in part. The Subscriber will be informed of this rejection and a refund of the relevant subscription amount will be issued by the Receiving Agent.

19-1-1-2 Trading Period

Trading Period: The period from Tuesday 21/05/1437 H (corresponding to 01/03/2016 G) until the close of trading on Thursday 01/06/1437 H (corresponding to 10/03/2016 G). Tadawul has a system in place to regulate the trading of Rights. A separate symbol will be assigned to the Rights that will be different from the trading symbol of the Existing Shares. The trading system will cancel the symbol once the Trading Period expires.

- Registered Shareholders have the following options in the First Offering Phase and Trading Period:
 - Keep their allocation of Rights and exercise these Rights to subscribe for the New Shares;
 - Sell their allocation of Rights or a part thereof through Tadawul;
 - Purchase additional Rights on Tadawul. The subscription for additional New Shares is only possible during the Second Offering Phase, by completing a Subscription Application Form or through an ATM machine or through the telephone or subscribing electronically with one of the Receiving Agents that provide such services to their customers; or
 - Refrain from taking any action in relation to the Rights Issue, whether selling the Rights or exercising the right to subscribe for New Shares. The Rump Shares resulting from Registered Shareholders not exercising the Rights or selling the same will be offered during the Rump Offering.
- Those who purchased Rights during this period may trade them either by selling part or all of these Rights. If they purchased and held on to their Rights during this period, they may exercise these Rights and subscribe for New Shares only in the Second Offering Phase.

The Founding Shareholders of the Company are under the lock up period and it will be elapsed upon announcing the financial results of the Company for three (3) years and each year being not less than twelve (12) 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 approvals from CMA and SAMA. The Founding Shareholders of the Company have given SAMA a commitment to subscribe to all the New Shares that they are eligible to under this Offering.

19-1-2 Second Offering Phase and Rump Offering

19-1-2-1 Second Offering Phase

Second Offering Phase: In the phase from Sunday 04/06/1437 H (corresponding to 13/03/2016 G) until Tuesday 06/06/1437 H (corresponding to 15/03/2016 G), all holders of Rights, whether Registered Shareholders or purchasers of Rights during the Trading Period, may exercise their Rights to subscribe for New Shares by completing a Subscription Application Form or through an ATM machine or through the telephone or through subscribing electronically with one of the Receiving Agents that provide such services to their customers.

Registered Shareholders who did not subscribe for New Shares in the Company either in whole or in part during the First Offering Phase may still exercise their Rights during this phase. In addition, if they purchased additional Rights during the Trading Period, they may exercise their Rights and subscribe for New Shares during the Second Offering Phase. No trading of Rights shall take place in this phase.

19-1-2-2 Rump Offering

Rump Offering: In the event that any New Shares remain unsubscribed after the First Offering Phase and the Second Offering Phase, Institutional Investors will be asked to submit offers to purchase the Rump Shares. Institutional Investors may make such offers from 10:00 AM on 11/06/1437 H (corresponding to 20/03/2016 G) until 10:00 AM on 12/06/1437 H (corresponding to 21/03/2016 G). The Rump Shares shall be allocated to Institutional Investors in the order of the bid price for the New Shares received from such Institutional Investors, with the Rump Shares allocated first to the Institutional Investor who offered the highest bid price, until all of the Rump Shares have been allocated. Rump Shares will be proportionally divided among Institutional Investors that tendered at the same price. All fractional entitlements to New Shares will be combined and offered to Institutional Investors during the Rump Offering. All proceeds resulting from the sale of Rump Shares and Fractional Shares up to the paid Offer Price shall be distributed to the Company, and any proceeds in excess of the paid Offer Price shall be distributed to the Eligible Persons who did not subscribe wholly or partially for New Shares, as well as to the holders of Fractional Shares on a pro rata basis no later than 22/06/1437 H (corresponding to 31/03/2016 G).

Trading in the New Shares on the Exchange is expected to commence once all related formalities pertaining to their registration and allocation have been completed.

The Company has filed a request with the CMA for registration of the New Shares and their inclusion in the Exchange. The Company will be submitting a request to the CMA to allow trading of the New Shares after the completion of the Offering.

19-2 Eligible Persons who do not subscribe for the New Shares

Tadawul will modify the Company's share price at the close of the trading day on the date which the EGM was held on 13/05/1437 H (corresponding to 22/02/2016 G), based on the value of the subscription and the number of New Shares issued under this Prospectus, in addition to the market value of listed shares at closing time. Registered Shareholders who do not participate in whole or in part in the New Shares subscription will be subject to a decrease in their percentage of ownership in the Company and the value of the Shares they currently hold. Eligible Persons who did not subscribe to and did not sell their Rights will be vulnerable to losses. Eligible Persons who do not subscribe for New Shares will not get any benefit from their eligible Rights, except to receive proportional cash compensation from the proceeds of the sale price of the Rump Shares (if any). Registered Shareholders will retain the same number of Shares that they owned before the capital increase.

If Institutional Investors wish to buy the Rump Shares at the Offer Price only, or if they do not wish to subscribe and the Underwriter therefore covers the Rump Shares at the Offer Price, then the non-participating Eligible Persons will not receive any compensation as a result of them not subscribing for the New Shares by exercising their Rights.

Compensation amounts (if any) will be paid to the Eligible Persons who did not subscribe wholly or partially for the New Shares and Shareholders entitled to Fractional Shares by dividing the compensation amount by the total of the number of Shares not subscribed for by Eligible Persons and the number of Fractional Shares. The compensation per share will thus be determined and paid to the Eligible Persons who did not subscribe for all or part of the Shares they were entitled to, as well as those entitled to Fractional Shares.

19-3 Filling the Subscription Application Form

Eligible Persons wishing to exercise their full right and subscribe for all the Rights to which they are entitled, must fill and submit a completed Subscription Application Form, together with the subscription monies for their full entitlement and the required accompanying documents, to one of the Receiving Agents during the offering phases.

The number of Shares that the Eligible Person is entitled to will be calculated based on the existing Rights owned prior to the closing of the Second Offering Phase. The subscription monies that the Subscriber must pay are calculated by multiplying the number of existing Rights owned prior to closing of the Second Offering Phase by the Offer Price.

By completing and presenting the Subscription Application form, the Subscriber:

- Agrees to subscribe for the number of New Shares as stated in the Subscription Application Form;
- Warrants that he/she has carefully read the Prospectus and understood all its contents;
- Accepts the By-Laws of the Company and the terms and conditions mentioned in the Prospectus;
- Does not waive his/her right to claim any damages directly arising from any incorrect or inadequate significant information in the Prospectus, or for any material information missing there from, which would directly impact the Subscriber's acceptance to subscribe had it been contained in the Prospectus;
- Accepts the number of shares allocated to him/her and all other subscription instructions and terms mentioned in the Prospectus and the Subscription Application Form; and
- Warrants not cancelling or amending the Subscription Application Form after submitting it to the Receiving Agent.

19-3-1 Documents required to be submitted with the Subscription Application Forms

The Subscription Application Form must be submitted together with the following documents, as applicable to each case, and the Receiving Agents shall match the copy of each document with the original document and then return the original documents to the Subscriber:

- Original and copy of the personal identification card (in case of an individual subscriber)
- Original and copy of the family identification card (for family members)
- Original and copy of the power of attorney (in case of authorizing another person for the subscription)
- Original and copy of the custody deed (for orphans) (for individual subscribers)
- Original and copy of the residence permit (Iqama) for non-Saudis, whenever applicable (for individual subscribers)
- Original and copy of the commercial registration (in case of entities)

The subscription amount shall be paid in full, upon submission of the Subscription Application Form to a branch of one of the Receiving Agents, by authorizing the Receiving Agent to debit the account of the Subscriber at the Receiving Agent with the required amount, or through a banker's check drawn at one of the local banks and in favour of the Company.

Power of attorney will be restricted to first class relatives (children, parents, wife, husband). In case of applying on behalf of another person, the attorney shall write his name and sign the Subscription Application Form. He shall attach the original and a copy of a valid power of attorney issued by a notary public for those who are living in Saudi Arabia or legalized through a Saudi embassy or consulate in the relevant country for those residing outside Saudi Arabia.

19-4 Submission of the Subscription Application Form

Receiving Agents shall start receiving Subscription Application Forms in their branches in the KSA during the First Offering Phase and the Second Offering Phase. Subscription Application Forms can be submitted by Institutional Investors for any Rump Shares only during the Rump Offering. Subscription Application Forms can be delivered during either of the offering periods either through a branch of the Receiving Agents or the tele-banking services section or ATMs or internet banking of any of the Receiving Agents providing such services. The Subscription Application Form includes further information which is to be strictly followed. Upon completing, signing and submitting the Subscription Application Form, the Receiving Agent shall stamp it and provide the Subscriber with a copy thereof. If the information filled in the form turns out to be incomplete or incorrect or the form is not stamped by the Receiving Agent, the Subscription Application Form will be considered void. The Eligible Person shall accept the subscription terms and conditions and fill all sections of the Subscription Application Form. In case the form completed by an applicant does not meet any of the subscription terms and conditions, the Company shall have the right to reject that application in part or whole. Any application providing incomplete or incorrect information or not stamped by a Receiving Agent will be considered void. The application form may not be amended or withdrawn after submission to the Receiving Agents, and shall be considered a binding contract between the Subscriber and the Company, once approved by the Company.

The Subscriber from among Eligible Persons is deemed to have bought the number of New Shares allocated to him when the following terms are fulfilled:

- Delivery by the Eligible Persons of the Subscription Application Form to any of the Receiving Agents' branches;
- Payment in full by the Eligible Person to the Receiving Agents of the total Offer Price (as specified above) of the Shares subscribed for; and
- Delivery to the Eligible Person by the Receiving Agents of the allocation letter specifying the number of Shares allocated to him/her.

Eligible Persons will not be allocated New Shares exceeding the number of New Shares that they subscribed for.

19-5 Allocation

The Company and Lead Manager shall open an escrow account called "MetLife AIG ANB Insurance RI Escrow Account", in which the subscription proceeds shall be deposited. The New Shares shall be allocated to each investor based upon the number of Rights that he/she properly exercised. As for Shareholders entitled to Fractional Shares, these shall be accumulated and offered to Institutional Investors during the Rump Offering. All proceeds resulting from the sale of Rump Shares and Fractional Shares up to the paid Offer Price shall be distributed to the Company and any proceeds in excess of the paid Offer Price shall be distributed to the Eligible Persons on pro rata basis no later than 22/06/1437 H (corresponding to 31/03/2016G). Excess unsubscribed for Shares shall be purchased by and allocated to the Underwriter.

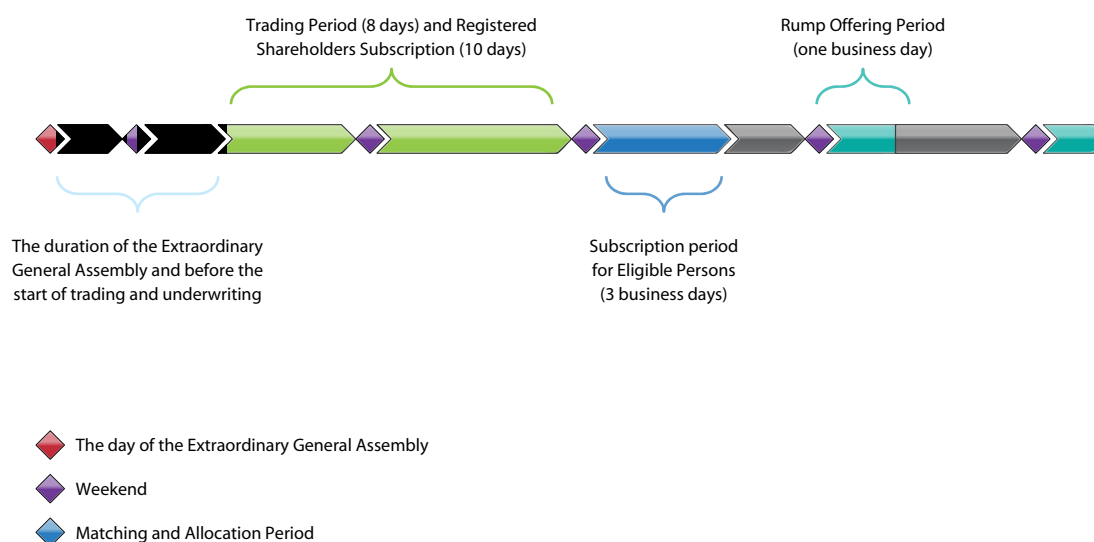
Final notice for the number of Shares allocated to each Eligible Person without any charges or withholdings by the Lead Manager or Receiving Agents is expected to take place by depositing the shares into the accounts of Subscribers. Eligible Persons shall contact the branch of the Receiving Agent where they have submitted the Subscription Application Form to obtain any further information. The announcement regarding the allocation shall be made no later than 15/06/1437 H (corresponding to 24/03/2016 G).

As for Shareholders entitled to Fractional Shares, these shall be accumulated and offered to Institutional Investors during the Rump Offering. Compensation from the sale proceeds of Fractional Shares shall be distributed to the Eligible Persons on a pro rata basis no later than 22/06/1437 H (corresponding to 31/03/2016 G).

19-6 Compensation Payment

The compensation to Eligible Persons who do not subscribe for all or part of the Rights Issue, if any, shall be paid no later than 22/06/1437 H (corresponding to 31/03/2016 G).

Illustration of the new rights issue mechanism



FAQs about the Rights Issue Mechanism

What is a Rights Issue?

A Rights Issue is an offering of tradable securities that give their holders the right to subscribe for New Shares upon approval of the capital increase of the Company. They are acquired rights for all Registered Shareholders in the Company's Register as at the close of trading on the date of the EGM. Each Right grants its holder, the eligibility to subscribe for one New Share at the Offer Price.

Who is granted the Rights?

The Rights are granted to all Registered Shareholders in the Company's Register as at the close of trading on the date of the EGM.

When are the Rights deposited?

The Rights are deposited within two days after the EGM. The Rights will appear in the accounts of Registered Shareholders under a new symbol that designates these Rights. These Rights cannot be traded or exercised by the Registered Shareholders until the beginning of the First Offering Phase.

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

The Registered Shareholders are notified through an announcement on Tadawul's website.

How many Rights can be acquired by a Registered Shareholder?

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

What is the Rights Issue ratio?

It is the ratio that permits the Registered Shareholder to know how many Rights he/she is entitled to in relation to the Shares that he/she already owned on the date of the EGM. For example, if a company issues 1,000 shares and increases its capital by offering 200 new shares, its number of shares becomes 1,200. Then, the ratio is 1 to 5 (one new share for every five existing shares).

Are these Rights tradable and will they be added to the Shareholders accounts under the same name/symbol as the Company's shares; or will they be assigned a new name?

The Rights will be deposited in Shareholders' accounts under a new symbol specially assigned to the Rights.

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

The opening price of the Right is the difference between the closing price of the Shares on the day preceding such listing of the Right, and the Offer Price. For example, if the closing price of a share on the preceding day is thirty-five Saudi Riyals (SAR 35) and the Offer Price is ten Saudi Riyals (SAR 10), the opening price of the Rights will be thirty five (35) minus ten (10), i.e. twenty-five Saudi Riyals (SAR 25).

Can Registered Shareholders subscribe for additional shares?

Registered Shareholders can subscribe for additional shares by purchasing new Rights during the Trading Period. These Rights can be exercised to subscribe for the new additional shares only during the Second Offering Phase.

How does the Offering take place?

The Offering will take place as it currently does by submitting Subscription Application Forms at any of the Receiving Agents' branches or other channels (subject to certain conditions as mentioned in this Prospectus) and only during the First Offering Phase and the Second Offering Phase.

Is it allowed to subscribe more than once through more than one receiving bank?

Yes, provided that the number of Shares subscribed to should not exceed the number of held rights at the end of the Trading Period otherwise the subscription application will be cancelled.

If the company's shareholder owns shares in more than one portfolio, in which portfolio the rights will be deposited?

Rights will be deposited to the same portfolio where the related Shares exist i.e.; if a shareholder owns one thousand (1,000) shares in the Company, eight hundred (800) of them in portfolio A and two hundred (200) in portfolio B the total number of Rights to be deposited are one thousand (1000) Rights (1 Rights per Share). In this case eight hundred (800) Rights will be deposited in portfolio A and two hundred (200) Rights will be deposited in portfolio B.

In case of subscription through more than one portfolio, where will the new shares be deposited after allocation?

Shares will be deposited to the portfolio given under the first Subscription Application Form.

Are share certificate holders allowed to subscribe and trade?

Yes, they are allowed to subscribe. However, they will only be able to trade after depositing their certificates in investment accounts through the Receiving Agents or the Tadawul's depository center and submitting the requisite documents.

What happens if New Shares are subscribed for, and then the Rights have been sold after that?

If a Registered Shareholder subscribes, then sells the Rights without purchasing a number of Rights equal to the number of exercised Rights prior to the end of the Offering Period, then the Subscription Application Form will be rejected entirely, if all Rights have been sold, or partly in an amount equal to the number of sold Rights. In this case, the Registered Shareholder will be notified by its Receiving Agent and the rejected offering amount will be refunded.

Are additional Rights purchasers entitled to trade them once again?

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

Is it possible to sell a part of these Rights?

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

Is it possible to subscribe during the weekend between the First Offering Phase and the Second Offering Phase?

No, that is not possible.

When can the shareholder subscribe to the Shares he/she is eligible to subscribe for due to the Rights purchased during the Trading Period?

Such shares can be subscribed only during the Second Offering Phase and after the end of Trading Period.

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

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

What happens to Rights that are unsold or unsubscribed for during the Trading Period as well as the First Offering Phase and the Second Offering Phase?

The Rump Shares resulting from a failure to exercise or sell these Rights will be offered during the Rump Offering, organized by the Lead Manager according to the terms set forth in this Prospectus.

Will there be any additional fees for the trading in Rights?

The same commissions applying to the Shares will also apply on sale and purchase of Rights, without a minimum commission being imposed.

19-7 Trading of New Shares

Trading of the New Shares will take place upon completion of all relevant procedures. This is expected to take place after the allocation of New Shares, in coordination with the CMA, and will be announced at a later date.

19-8 The Saudi Arabian Stock Exchange or Tadawul

Tadawul was founded in 2001 as the successor to the Electronic Securities Information System. Electronic trading in securities commenced in the Kingdom in 1989G.

Trading on Tadawul occurs through a fully integrated trading system covering the entire process from trade order through settlement. Trading occurs each business day between 11:00 a.m. and 3:30 p.m., from Sunday until Thursday of each week. After close of exchange trading, orders can be entered, amended or deleted from 10:00 a.m. until 11:00 a.m. New entries and inquiries can be made from 10:00 a.m. of the opening session (starting at 11:00 a.m.). These times are subject to change during the Holy month of Ramadan, and are announced by Tadawul's management.

Tadawul's system works on matching orders by price and orders are received and prioritized based on price. In general, market orders are executed first, and if several instructions are entered at the same price level, they are executed at a first come first serve basis according to their entry time.

Tadawul distributes a comprehensive range of information through various channels, including in particular the Tadawul website and Tadawul Information Link. The Tadawul Information Link supplies trading data in real time to information providers such as Reuters.

Transactions are settled automatically on a T+0 bases, meaning that ownership transfer takes place immediately after the trade is executed.

Issuers are required to report all material announcements via Tadawul for onward dissemination to the public. Surveillance and monitoring is the responsibility of Tadawul as the operator of the market. The aim of supervision is to ensure fair trading and an orderly market.

19-9 Registration on the Official List

The application for admission and listing of the New Shares in the Saudi Stock Exchange Official List has been submitted by the Company to CMA. The Prospectus has been approved and all requirements have been duly satisfied. The registration is expected to be approved and trading to commence on the Exchange once the final allocation of the New Shares has been concluded. An announcement will be made on the Tadawul website in due course. The dates and times stated in this prospectus are only provisional and may be changed or extended at any time subject to approval of the CMA.

Although the Existing Shares are registered on the Official List, it will only be possible to trade in the New Shares once the allocation of the New Shares to successful Subscribers and Rump Offering Participants has been approved and these have been placed in their Tadawul accounts. It is absolutely forbidden to trade in the New Shares until the allocation has been approved. Subscribers who engage in any forward trading activity shall be acting at their own risk. The Company shall have no legal responsibility in such an event.

19-10 Resolutions and Approvals under which shares are offered

The Board of Directors recommended in its meeting convened on 08/07/1436H (corresponding to 27/04/2015G) to increase the Company's Share Capital from one hundred seventy five million Saudi Riyals (SAR 175,000,000) to three hundred fifty million Saudi Riyals (SAR 350,000,000) after obtaining the necessary regulatory approvals. The Company received SAMA approval to increase its Share Capital wide letter No. 361000144425, dated 16/11/1436H (corresponding to 01/08/2015G).

The Company's Extraordinary General Meeting held on 13/05/1437 H (corresponding to 22/02/2016 G), has approved the increase of Share Capital through Rights Issue. The Rights Issue consists of the issuance of seventeen million five hundred thousand (17,500,000) Ordinary New Shares (the "New Shares" or "Rights Issue Shares") at an Offer Price of ten Saudi Riyals (SAR 10) per share ("Offering Price") to increase the Company's Share Capital from one hundred seventy five million Saudi Riyals (SAR 175,000,000) to three hundred fifty million Saudi Riyals (SAR 350,000,000), divided into thirty five million (35,000,000) Ordinary Shares at a nominal value of ten Saudi Riyals (SAR 10) per share. Shareholders registered in the Company's Register as at the close of trading on the day of the EGM which will be entitled to participate in the increase in share capital of Company.

All requirements have been satisfied and this Prospectus have been approved by publishing on CMA's website on 14/05/1437 H (corresponding to 23/02/2016 G).

19-11 Miscellaneous Notices

The Subscription Application Form and all related terms, conditions and covenants hereof shall be binding upon and inure to the benefit of the parties to the subscription and their respective successors, permitted assigns, executors, administrators and heirs; provided that, except as specifically contemplated herein, 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 to the subscription without the prior written consent of the other party.

The terms and conditions set here and any receipt of the Subscription Application Forms or any related Agreements are subject to the regulations of the Kingdom, and shall be interpreted and executed according to such regulations. This Prospectus may be distributed in Arabic and English. The Arabic text shall take precedence in the event of any conflict between the Arabic and English versions of this Prospectus.

Although the CMA has approved this Prospectus, it may suspend this subscription offer if the Company, at any time after the adoption of this Prospectus by the CMA and before approving the listing of Shares in the market, becomes aware of (1) a significant change that has occurred in any of the key information contained in this Prospectus, or any of the documents required to be included under the Listing Rules, or (2) any additional issues that should have been included in this Prospectus. In these cases it is incumbent on the Company to submit to the CMA a supplementary prospectus, according to the requirements of the Listing Rules. The supplementary Prospectus will therefore be published and an announcement made about applicable subscription dates. It is also possible that this subscription be suspended in the event of non-approval of the EGM on any of its details.

The shares owned by the Founding Shareholders, being the Strategic Partners, are under lock-up period (i.e. for 3 financial years) from the date of the incorporation of the Company dated as 22/12/1434H (corresponding to 27/10/2013G), therefore, they are not allowed to sell their shares in the Company until the lock-up period is over and even after the expiry of lock-up period they can only sell after obtaining prior approvals from SAMA and CMA.

19-12 Change in the share price as a result of the capital increase

The closing price of the Company's share on the day of the EGM was SAR (57.04) and is expected to be reset to SAR (33.52) in the opening session the next day. The change represents a decrease of (41.2%).

The method of calculating the share price as a result of the capital increase is as follows:

First: Calculate the market value of the Company at the close of trading on the day of the EGM:

Number of shares issue by the Company at the end of the day of the EGM multiplied by the closing price for the Company's share on the day of the EGM = market value of the Company at the close of trade on the day of the EGM.

Second: Calculate the price of share for the opening session on the day following the day the EGM:

(The market value of the Company at the close on the day of the EGM + the value of the Offer Shares) / (Number of shares issued by the Company at the end of the day the EGM + the number of Offer Shares offered in this Offering) = share price reset for the opening session on the day following the day the EGM.

20. Documents Available for Inspection

The following documents will be available for inspection at the Head Office of the Company in Riyadh city, Al Ebdaa Tower, King Fahad Road, Olaya District, during official working hours, from 8:30 a.m. to 4:00 p.m., 3 weeks before commencement of the Offering Period and during the term of the Offering Period:

Company Documents and Contracts

- Commercial Registration certificate of the Company;
- By-Laws of the Company;
- Contracts disclosed pursuant to sub para graph (i) of paragraph 13 of the Listing Rules

Offering of Shares

- Recommendation of the Board of Directors regarding capital increase;
- SAMA's approval of the Company's capital increase;
- CMA's approval of the Company's capital increase through Rights Issue Offering;
- Resolution of the EGM approving the Company's capital increase

Reports, Letters and Documents

- Contracts and agreements referenced in this Prospectus;
- A written consent from the Financial Advisor, Lead Manager and Underwriter, SHC, to include its name and logo in the Prospects;
- A written consent from the Financial Due Diligence Advisor (KPMG) to include their report and name in the Prospects;
- A written consent from the Offering Legal Advisor (Shearman & Sterling in association with Abdul Aziz Al Assaf and Partners (Lawyers and Consultants) to include their name, logo and statement in the Prospects;
- A written consent from the current Auditors of the Company (Al Bassam and Al Nemer Allied Accountants and Aldar Audit Bureau Abdullah Al Basri & Co.) to include their name, logo and statement in the Prospects
- A written consent from the Actuary (Lux Actuaries and Consultants) to include their name, logo and statement in the Prospects
- Market reports used to draft the market section of the Prospectus

Financial Statements

- Audited financial statements for the years ending 31 December 2014G (which cover the period between 29 August 2013 to 31 December 2014
- Reviewed financial statements for the period ending on 30 September 2015G and the Auditor's report

21. Accountants Report

**METLIFE, AMERICAN INTERNATIONAL GROUP AND ARAB NATIONAL BANK
COOPERATIVE INSURANCE COMPANY**

(A SAUDI JOINT STOCK COMPANY)

**INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) AND
INDEPENDENT AUDITORS' LIMITED REVIEW REPORT**

30 September 2015

**INDEPENDENT AUDITORS' LIMITED REVIEW REPORT TO THE SHAREHOLDERS OF
METLIFE, AMERICAN INTERNATIONAL GROUP AND
ARAB NATIONAL BANK- COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)**

SCOPE OF REVIEW:

We have reviewed the accompanying interim statement of financial position of Metlife, American International Group and Arab National Bank- Cooperative Insurance Company (A Saudi Joint Stock Company) (the "Company") as at 30 September 2015 and the related interim statements of insurance operations, shareholders' comprehensive operations for the three and nine month periods then ended, the related interim statements of changes in shareholders' equity, insurance operations' and shareholders' cash flows for the nine month period then ended and the related notes which form an integral part of these interim condensed financial statements. These interim condensed financial statements are the responsibility of the Company's management and have been prepared by them in accordance with International Accounting Standard – 34 "Interim Financial Reporting" (IAS 34) and submitted to us together with all the information and explanations which we required. We conducted our limited review in accordance with the Standard on Review of Interim Financial Reporting issued by the Saudi Organization for Certified Public Accountants ("SOCPA"). A limited review consists principally of applying analytical procedures to financial data and information and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

CONCLUSION:

Based on our limited review, we are not aware of any material modifications that should be made to the accompanying interim condensed financial statements for them to be in conformity with IAS 34.

EMPHASIS OF A MATTER:

We draw attention to the fact that these interim condensed financial statements are prepared in accordance with IAS 34 and not in accordance with the Standard on Interim Financial Reporting issued by SOCPA.

PKF Al-Bassam & Al-Nemer
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Certified Public Accountant
Registration No. 399



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Kingdom of Saudi Arabia

Abdullah M. Al Basri
Certified Public Accountant
Registration No. 171



5 Muharram 1437
(18 October 2015)

**METLIFE, AMERICAN INTERNATIONAL GROUP AND ARAB NATIONAL BANK
COOPERATIVE INSURANCE COMPANY**

(A SAUDI JOINT STOCK COMPANY)

INTERIM STATEMENT OF FINANCIAL POSITION (UNAUDITED)

| | Notes | 30 September 2015 (Unaudited) SR | 31 December 2014 (Audited) SR |
|---|-------|--|-------------------------------------|
| INSURANCE OPERATIONS' ASSETS | | | |
| Cash and cash equivalents | 4 | 46,160,259 | 2,238,414 |
| Premiums receivable, net | 6 | 48,619,149 | 3,421,552 |
| Reinsurers' share of unearned premiums | | 29,675,895 | 3,251,099 |
| Reinsurers' share of mathematical reserves | 1.1 | 257,856,497 | - |
| Reinsurers' share of outstanding claims | | 22,583,058 | 499,799 |
| Deferred policy acquisition costs | | 3,951,374 | 469,688 |
| Prepaid expenses and other assets | | 10,892,740 | 2,967,767 |
| Due from shareholders operations | | 6,529,297 | - |
| Property and equipment, net | | 6,323,536 | 8,054,849 |
| | | - | - |
| TOTAL INSURANCE OPERATIONS' ASSETS | | 432,591,805 | 20,903,168 |
| | | - | - |
| SHAREHOLDERS' ASSETS | | | |
| Cash and cash equivalents | 4 | 83,168,159 | 11,157,980 |
| Due from insurance operations | | - | 5,028,658 |
| Prepaid expenses and other assets | | 458,630 | 113,623 |
| Time deposits | 5 | - | 85,000,000 |
| Available for sale investments | | 3,175,163 | 3,175,163 |
| Statutory deposit | 8 | 17,674,521 | 17,500,000 |
| | | - | - |
| TOTAL SHAREHOLDERS' ASSETS | | 104,476,473 | 121,975,424 |
| | | - | - |
| TOTAL INSURANCE OPERATIONS' AND SHAREHOLDERS' ASSETS | | 537,068,278 | 142,878,592 |
| | | - | - |

The accompanying notes 1 to 13 form an integral part of these interim condensed financial statements.

**METLIFE, AMERICAN INTERNATIONAL GROUP AND ARAB NATIONAL BANK
COOPERATIVE INSURANCE COMPANY**

(A SAUDI JOINT STOCK COMPANY)

INTERIM STATEMENT OF FINANCIAL POSITION (UNAUDITED) (CONTINUED)

| | Note | 30 September 2015 (Unaudited) SR | 31 December 2014 (Audited) SR |
|--|------|--|--------------------------------------|
| INSURANCE OPERATIONS' LIABILITIES | | | |
| Gross unearned premiums | | 88,152,213 | 4,709,142 |
| Gross outstanding claims | | 29,339,775 | 787,530 |
| Gross mathematical reserves | 1.1 | 257,856,497 | - |
| Payables, accruals and others | | 10,883,157 | 4,362,884 |
| Reinsurance balances payable | | 40,451,880 | 2,927,713 |
| Unearned reinsurance commission income | | 4,162,466 | 881,472 |
| Due to related parties | 7 | 899,944 | 1,822,887 |
| Due to shareholders' operations | | - | 5,028,658 |
| Employees' terminal benefits | | 845,873 | 382,882 |
| | | - | - |
| TOTAL INSURANCE OPERATIONS' LIABILITIES | | 432,591,805 | 20,903,168 |
| | | - | - |
| SHAREHOLDERS' LIABILITIES AND EQUITY | | | |
| SHAREHOLDERS' LIABILITIES | | | |
| Zakat | | 549,770 | - |
| Payables, accruals and others | | 798,571 | 1,286,173 |
| Due to insurance operations | | 6,529,297 | - |
| | | - | - |
| TOTAL SHAREHOLDERS' LIABILITIES | | 7,877,638 | 1,286,173 |
| | | - | - |
| SHAREHOLDERS' EQUITY | | | |
| Share capital | | 175,000,000 | 175,000,000 |
| Accumulated deficit | | (78,401,165) | (54,310,749) |
| | | - | - |
| TOTAL SHAREHOLDERS' EQUITY | | 96,598,835 | 120,689,251 |
| | | - | - |
| TOTAL SHAREHOLDERS' LIABILITIES AND EQUITY | | 104,476,473 | 121,975,424 |
| | | - | - |
| TOTAL INSURANCE OPERATIONS' LIABILITIES AND SHAREHOLDERS' LIABILITIES AND EQUITY | | 537,068,278 | 142,878,592 |
| | | - | - |

The accompanying notes 1 to 13 form an integral part of these interim condensed financial statements.

**METLIFE, AMERICAN INTERNATIONAL GROUP AND ARAB NATIONAL BANK
COOPERATIVE INSURANCE COMPANY**
(A SAUDI JOINT STOCK COMPANY)

INTERIM STATEMENT OF INSURANCE OPERATIONS (UNAUDITED)

| | For the three month period ended 30 September 2015 SR | For the period ended 30 September 2015 SR | For the three month period ended 30 September 2014 SR | For the period ended 30 September 2014 SR |
|---|--|---|--|---|
| Gross written premiums | 59,577,673 | 111,108,803 | 959,382 | 1,988,225 |
| Reinsurance premiums ceded | (6,183,449) | (42,519,113) | (436,222) | (1,297,252) |
| Excess of loss premiums | (167,229) | (290,312) | - | - |
| | - | - | - | - |
| NET WRITTEN PREMIUMS | 53,226,995 | 68,299,378 | 523,160 | 690,973 |
| Net changes in unearned premiums | (46,805,904) | (57,018,275) | (401,114) | (561,079) |
| | - | - | - | - |
| NET EARNED PREMIUMS | 6,421,091 | 11,281,103 | 122,046 | 129,894 |
| Reinsurance commission income | 1,231,224 | 2,662,851 | 23,844 | 33,511 |
| Other underwriting income | 603,906 | 1,058,579 | - | - |
| | - | - | - | - |
| UNDERWRITING REVENUE | 8,256,221 | 15,002,533 | 145,890 | 163,405 |
| | - | - | - | - |
| Gross claims paid | (11,280,508) | (19,820,798) | - | - |
| Reinsurers' share of claims paid | 8,968,878 | 16,863,527 | - | - |
| | - | - | - | - |
| NET CLAIMS PAID | (2,311,630) | (2,957,271) | - | - |
| Net changes in outstanding claims | (1,873,338) | (6,468,986) | (97,420) | (97,420) |
| | - | - | - | - |
| NET CLAIMS INCURRED | (4,184,968) | (9,426,257) | (97,420) | (97,420) |
| Commissions incurred | (908,693) | (1,948,396) | (30,824) | (35,462) |
| Other direct underwriting expense | (2,488) | (446,503) | (4,797) | (9,941) |
| Doubtful debt expense | (1,486,202) | (1,446,134) | (77,059) | (77,059) |
| | - | - | - | - |
| UNDERWRITING EXPENSES | (6,582,351) | (13,267,290) | (210,100) | (219,882) |
| | - | - | - | - |
| UNDERWRITING RESULTS | 1,673,870 | 1,735,243 | (64,210) | (56,477) |
| General and administration expenses | (9,140,843) | (25,036,392) | (7,217,623) | (12,550,339) |
| | - | - | - | - |
| NET DEFICIT FOR THE PERIOD FROM INSURANCE OPERATIONS | (7,466,973) | (23,301,149) | (7,281,833) | (12,606,816) |
| | - | - | - | - |
| Shareholders' appropriation from deficit | 7,466,973 | 23,301,149 | 7,281,833 | 12,606,816 |
| | - | - | - | - |
| NET RESULT FOR THE PERIOD | - | - | - | - |
| | - | - | - | - |

The accompanying notes 1 to 13 form an integral part of these interim condensed financial statements.

**METLIFE, AMERICAN INTERNATIONAL GROUP AND ARAB NATIONAL BANK
COOPERATIVE INSURANCE COMPANY**

(A SAUDI JOINT STOCK COMPANY)

**INTERIM STATEMENT OF SHAREHOLDERS' COMPREHENSIVE OPERATIONS
(UNAUDITED)**

| | Note | For the three month period ended 30 September 2015 SR | For the nine month period ended 30 September 2015 SR | For the three month period ended 30 September 2014 SR | For the nine month period ended 30 September 2014 SR |
|--|------|--|---|--|---|
| Appropriation of deficit from insurance operations | | (7,466,973) | (23,301,149) | (7,281,833) | (12,606,816) |
| Special commission income | | 59,504 | 325,058 | 173,161 | 606,258 |
| Dividend income | | - | 339,103 | - | - |
| General and administrative expenses | | (316,755) | (903,658) | (386,032) | (6,577,858) |
| | | - | - | - | - |
| LOSSES INCURRED DURING THE PERIOD | | (7,724,224) | (23,540,646) | (7,494,704) | (18,578,416) |
| Pre-incorporation expenses, net | | - | - | - | 405,006 |
| | | - | - | - | - |
| NET LOSS BEFORE ZAKAT FOR THE PERIOD | | (7,724,224) | (23,540,646) | (7,494,704) | (18,173,410) |
| Zakat | | (183,567) | (549,770) | (55,178) | (830,125) |
| | | - | - | - | - |
| TOTAL COMPREHENSIVE LOSS FOR THE PERIOD | | (7,907,791) | (24,090,416) | (7,549,882) | (19,003,535) |
| | | - | - | - | - |
| LOSS PER SHARE: | | | | | |
| Basic and diluted loss per share | 9 | (0.44) | (1.35) | (0.43) | (1.04) |
| | | - | - | - | - |

The accompanying notes 1 to 13 form an integral part of these interim condensed financial statements.

METLIFE, AMERICAN INTERNATIONAL GROUP AND ARAB NATIONAL BANK COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (UNAUDITED)

| | Saudi and GCC Shareholders | | Foreign Shareholders | | Total Shareholders | |
|---|----------------------------|---------------------|----------------------|---------------------|--------------------|---------------------|
| | Share Capital | Accumulated Deficit | Share Capital | Accumulated deficit | Share capital | Accumulated deficit |
| | SR | SR | SR | SR | SR | SR |
| Balance as at 1 January 2015 | 105,000,000 | (33,083,518) | 70,000,000 | (21,227,231) | 175,000,000 | (54,310,749) |
| Net loss for the period | - | (14,124,388) | - | (9,416,258) | - | (23,540,646) |
| Zakat | - | (549,770) | - | - | - | (549,770) |
| | - | - | - | - | - | - |
| Balance as at 30 September 2015 | 105,000,000 | (47,757,676) | 70,000,000 | (30,643,489) | 175,000,000 | (78,401,165) |
| | - | - | - | - | - | - |
| Balance as at 1 January 2014 | 105,000,000 | (16,891,813) | 70,000,000 | (11,005,134) | 175,000,000 | (27,896,947) |
| Transaction costs on issue of share capital | - | 239,310 | - | 159,540 | - | 398,850 |
| Net loss for the period | - | (10,904,046) | - | (7,269,364) | - | (18,173,410) |
| Zakat | - | (830,125) | - | - | - | (830,125) |
| | - | - | - | - | - | - |
| Balance as at 30 September 2014 | 105,000,000 | (28,386,674) | 70,000,000 | (18,114,958) | 175,000,000 | (46,501,632) |
| | - | - | - | - | - | - |

The accompanying notes 1 to 13 form an integral part of these interim condensed financial statements.

METLIFE, AMERICAN INTERNATIONAL GROUP AND ARAB NATIONAL BANK COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

INTERIM STATEMENT OF INSURANCE OPERATIONS' CASH FLOWS (UNAUDITED)

| | Note | For the period ended 30 September 2015 SR | For the period ended 30 September 2014 SR |
|---|------|---|---|
| OPERATING ACTIVITIES | | | |
| Net result for the period | | - | - |
| Adjustments for: | | | |
| Shareholders' appropriation from deficit | | (23,301,149) | (12,606,816) |
| Depreciation | | 2,057,472 | 1,342,680 |
| Released provision for doubtful receivables | | 1,446,134 | 77,059 |
| Employees' terminal benefits | | 475,636 | 156,650 |
| | | - | - |
| | | (19,321,907) | (11,030,427) |
| Changes in operating assets and liabilities: | | | |
| Premiums receivable | | (46,643,731) | (1,396,247) |
| Reinsurers' share of outstanding claims | | (22,083,259) | (98,173) |
| Reinsurers' share of unearned premiums | | (26,424,796) | (1,166,355) |
| Reinsurers' share of mathematical reserves | | (257,856,497) | - |
| Deferred policy acquisition costs | | (3,481,686) | (178,057) |
| Prepaid expenses and other assets | | (7,924,973) | (2,711,401) |
| Gross outstanding claims | | 28,552,245 | 195,593 |
| Gross unearned premiums | | 83,443,071 | 1,727,434 |
| Gross mathematical reserves | | 257,856,497 | - |
| Payables, accruals and others | | 6,520,273 | 3,506,429 |
| Reinsurance balances payable | | 37,524,167 | 960,327 |
| Unearned reinsurance commission income | | 3,280,994 | 303,414 |
| Due to related parties | | (922,943) | 1,043,794 |
| Due to/from shareholders' operations | | 11,743,194 | 9,535,617 |
| Employees' terminal benefits paid | | (12,645) | - |
| | | - | - |
| Net cash from operating activities | | 44,248,004 | 691,948 |
| | | - | - |
| INVESTING ACTIVITIES | | | |
| Purchase of property and equipment | | (326,159) | (304,530) |
| | | - | - |
| Net cash used in investing activities | | (326,159) | (304,530) |
| | | - | - |
| NET INCREASE IN CASH AND CASH EQUIVALENTS | | 43,921,845 | 387,418 |
| Cash and cash equivalents at the beginning of the period | | 2,238,414 | - |
| | | - | - |
| CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD | 4 | 46,160,259 | 387,418 |
| | | - | - |

The accompanying notes 1 to 13 form an integral part of these interim condensed financial statements.

METLIFE, AMERICAN INTERNATIONAL GROUP AND ARAB NATIONAL BANK COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

INTERIM STATEMENT OF SHAREHOLDERS' CASH FLOWS (UNAUDITED)

| | Note | For the nine month period ended 30 September 2015 SR | For the nine month period ended 30 September 2014 SR |
|--|----------|---|---|
| OPERATING ACTIVITIES | | | |
| Net loss before Zakat | | (23,540,646) | (18,173,410) |
| Adjustments for: | | | |
| Appropriation of deficit from insurance operations | | 23,301,149 | 12,606,816 |
| Depreciation | | - | 575,609 |
| Special commission income | | (325,058) | (606,258) |
| Dividends | | (339,103) | - |
| Employees' terminal benefits | | - | 57,173 |
| | | - | - |
| | | (903,658) | (5,540,070) |
| Changes in operating assets and liabilities: | | | |
| Statutory deposit | | (174,521) | (17,500,000) |
| Due to/from insurance operations | | (11,743,194) | (9,535,617) |
| Prepaid expenses and other assets | | (55,604) | 1,414,397 |
| Payables, accruals and others | | (487,602) | (1,184,887) |
| Due to related parties | | - | (32,498,949) |
| | | - | - |
| Net cash used in operating activities | | (13,364,579) | (64,845,126) |
| | | - | - |
| INVESTING ACTIVITIES | | | |
| Purchase of property and equipment | | - | (309,953) |
| Time deposits | | 85,000,000 | - |
| Available for sale investments | | - | (3,175,163) |
| Special commission income received | | 374,758 | 517,687 |
| | | - | - |
| Net cash from/ (used in) investing activities | | 85,374,758 | (2,967,429) |
| | | - | - |
| FINANCING ACTIVITIES | | | |
| Transaction costs on issue of share capital | | - | 398,850 |
| | | - | - |
| Net cash from financing activities | | - | 398,850 |
| | | - | - |
| NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS | | 72,010,179 | (67,413,705) |
| Cash and cash equivalents at the beginning of the period | | 11,157,980 | 170,918,064 |
| | | - | - |
| CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD | 4 | 83,168,159 | 103,504,359 |
| | | - | - |

The accompanying notes 1 to 13 form an integral part of these interim condensed financial statements.

**METLIFE, AMERICAN INTERNATIONAL GROUP AND ARAB NATIONAL BANK
COOPERATIVE INSURANCE COMPANY**
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)
(continued)

For the three and nine month period ended 30 September 2015

1. ORGANISATION AND PRINCIPAL ACTIVITIES

MetLife, American International Group and Arab National Bank Cooperative Insurance Company (the "Company") is a Saudi Joint Stock Company registered in the Kingdom of Saudi Arabia under Commercial Registration numbered 1010391438 dated 22 Dhul-Hijjah 1434H (corresponding to 27 October 2013).

The address of registered office of the Company is as follows:

MetLife, American International Group and Arab National Bank Cooperative Insurance Company

P.O. Box 56437

Riyadh 11554

Kingdom of Saudi Arabia.

The objective of the Company is to transact cooperative insurance operations and related activities in accordance with the Law on Supervision of Cooperative Insurance Companies and its implementing regulations applicable in the Kingdom of Saudi Arabia. Its principal lines of business include individual and group life, accident and health and all classes of general insurance. The Company's shares were listed on the Saudi Arabian Stock Exchange ("Tadawul") on 23 Muharram 1435H (corresponding to 26 November 2013).

The company has commenced its insurance operations during April 2014. Accordingly, the interim statements of "insurance operations" and "insurance operations cash flows" include the comparative figures for the period from April 1st, 2014 till the end of September 30th, 2014.

1-1 METLIFE ALICO PORTFOLIO TRANSFER

The company has entered into an agreement with MetLife ALICO (30% shareholder) by which MetLife ALICO has transferred its existing Saudi run-off portfolio to the Company effective April 1st, 2015. This portfolio includes long-term life Protection and Savings insurance products and Personal Accident policies. The Company reinsures back to MetLife 100% of this portfolio under a quota-share reinsurance agreement. Accordingly, the Company has become the owner of the transferred policies and MetLife has become the reinsurer of this block of business. The transfer of the portfolio was made at book value with no cash payment. Accordingly, the liabilities related to this portfolio were recorded in the Company's books at book value with an offsetting assets representing the reinsurance share of these liabilities. MetLife pays a reinsurance commission amounting to SAR 870,868 as at 30 September 2015 to the company to compensate the cost of capital for this portfolio in addition to reimbursing the company for all expenses related to the administration of this portfolio by paying an administration fee amounting to SAR 464,912 as at 30 September 2015 which is booked under "Other underwriting income".

The portfolio transfer has been approved by the Board of Directors on Feb 16th, 2015 and by the shareholders of the company in their General Assembly meeting on May 12th, 2015. SAMA has also provided their approval on 28/5/1436 H corresponding to Mar 19th, 2015.

**METLIFE, AMERICAN INTERNATIONAL GROUP AND ARAB NATIONAL BANK
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(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)
(continued)

For the three and nine month period ended 30 September 2015

Assets and liabilities of the transferred portfolio as at 30 September 2015 are shown as below:

| | Assets |
|---|--------------------|
| Cash and Cash equivalents | 9,991,131 |
| Reinsurance share of technical reserves | 275,531,718 |
| Receivable & other assets | 260,657 |
| Total | 285,783,506 |
| | Liabilities |
| Gross Technical Reserves | 275,531,718 |
| Reinsurance balances payable | 9,554,743 |
| Payable and other liabilities | 697,045 |
| Total | 285,783,506 |

1-2 MANAFETH AGREEMENT WITH TAWUNIYA

The company participated in the Manafeth agreement between Tawuniya and the majority of the insurance companies in Saudi Arabia effective January 1st, 2015 for co-insuring cars entering into Saudi Arabia from all Saudi borders (except the border with AL-Bahrain). Based on this agreement, all insurance companies participating in this coverage will have an equal share of the net result of this portfolio after allowing for all expenses related to managing this portfolio by Tawuniya. This deal is for three years starting from Jan 1st, 2015 and is expected to renew at same terms. The income related to this portfolio is included in the financial statements under "Other underwriting income" and is allocated to Motor Insurance in the segment reporting.

2. BASIS OF PREPARATION

2-1 Basis of preparation

The interim condensed financial statements have been prepared under the historical cost basis.

As required by Saudi Arabian insurance regulations, the Company maintains separate accounts for Insurance Operations and Shareholders' Operations. The physical custody of all assets related to the Insurance Operations and Shareholders' Operations are held by the Company. Revenues and expenses clearly attributable to either activity are recorded in the respective accounts. The basis of allocation of other revenue and expenses from joint operations is as determined by the management and Board of Directors. As per the by-laws of the Company, the deficit arising from the Insurance Operations is allocated fully to Shareholders Operations whereas any surplus arising from the Insurance Operations is distributed as follows:

| | |
|---------------|------|
| Shareholders | 90% |
| Policyholders | 10% |
| | 100% |

**METLIFE, AMERICAN INTERNATIONAL GROUP AND ARAB NATIONAL BANK
COOPERATIVE INSURANCE COMPANY**

(A SAUDI JOINT STOCK COMPANY)

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)
(continued)**

For the three and nine month period ended 30 September 2015

2-2 Statement of compliance

The interim condensed financial statements of the Company have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34"). Accordingly, these interim condensed financial statements are not intended to be a presentation in conformity with the accounting standards generally accepted in the Kingdom of Saudi Arabia, as issued by the Saudi Organization for Certified Public Accountants ("SOCPA").

The interim condensed financial statements do not include all of the information required for full annual financial statements, and should be read in conjunction with the financial statements of the Company for the period from 29 August 2013 to 31 December 2014.

In management's opinion, the interim condensed financial statements reflect all adjustments (which include normal recurring adjustments) necessary to present fairly the results of operations for the interim periods presented. The Company's interim results may not be indicative of its annual results.

2-3 Functional and presentational currency

The functional and presentation currency of the Company is Saudi Riyals.

3. NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS ADOPTED BY THE COMPANY

The accounting policies used in the preparation of these interim condensed financial statements are consistent with those used in the preparation of the Company's annual financial statements for the period from 29 August 2013 to 31 December 2014, except for the adoption of new standards and amendments to existing standards effective for the annual period beginning 1 January 2015.

The nature and the impact of each new standard / amendment are summarized as follows:

Amendments to IAS 19 applicable for annual periods beginning on or after 1 July 2014 are applicable to defined benefit plans involving contribution from employees and / or third parties. This provides relief, based on meeting certain criteria's, from the requirements proposed in the amendments of 2011 for attributing employee / third party contributions to periods of service under the plan benefit formula or on a straight line basis. The current amendment gives an option, if conditions satisfy, to reduce service cost in period in which the related service is rendered.

**METLIFE, AMERICAN INTERNATIONAL GROUP AND ARAB NATIONAL BANK
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(A SAUDI JOINT STOCK COMPANY)

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)
(continued)**

For the three and nine month period ended 30 September 2015

Annual improvements to IFRS 2010-2012 and 2011-2013 cycle applicable for annual periods beginning on or after 1 July 2014. A summary of the amendments is contained as under:

- IFRS 3 – “business combinations” amended to clarify the classification and measurement of contingent consideration in a business combination. It has been further amended to clarify that the standard does not apply to the accounting for the formation of all types of joint arrangements in IFRS 11.
- IFRS 8 – “operating segments” has been amended to explicitly require disclosure of judgments made by management in applying aggregation criteria.
- IFRS 13 has been amended to clarify measurement of interest free short term receivables and payables at their invoiced amount without discounting, if the effect of discounting is immaterial. It has been further amended to clarify that the portfolio exception potentially applies to contracts in the scope of IAS 39 and IFRS 9 regardless of whether they meet the definition of a financial asset or financial liability under IAS 32.
- IAS 16 – “Property plant and equipment” and IAS 38 – “intangible assets”: – the amendments clarify the requirements of revaluation model recognizing that the restatement of accumulated depreciation (amortisation) is not always proportionate to the change in the gross carrying amount of the asset.
- IAS 24 – “related party disclosures” – the definition of a related party is extended to include a management entity that provides key management personnel services to the reporting entity, either directly or indirectly.

3-1 Standards issued but not yet effective

In addition to the above mentioned standards, the following standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company’s financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective. Further, the Company has chosen not to early adopt the amendments and revisions to the International Financial Reporting Standards which have been published and are mandatory for compliance for the Company with effect from future dates.

IFRS 9 Financial Instruments

IFRS 9, as issued, reflects the first phase of the IASB’s work though the adoption date is subject to the recently issued Exposure Draft on the replacement of IAS 39 and applies to classification and measurement of financial assets and liabilities as defined in IAS 39. The standard was initially effective for annual periods beginning on or after 1 January 2013, but Amendments to IFRS 9 Mandatory Effective Date of IFRS 9 and Transition Disclosures, issued in December 2011, moved the mandatory effective date to 1 January 2015.

However, on 19 November 2013, the IASB issued IFRS 9 Financial Instruments (Hedge Accounting and amendments to IFRS 9) amending IFRS 9 to include the new general hedge accounting model. In its February 2014 meeting, the IASB decided that IFRS 9 would be mandatorily effective for years ending on or after 31 December 2018.

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COOPERATIVE INSURANCE COMPANY**

(A SAUDI JOINT STOCK COMPANY)

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)
(continued)**

For the three and nine month period ended 30 September 2015

4. CASH AND CASH EQUIVALENTS

| | 30 September 2015 (Unaudited) | | 31 December 2014 (Audited) | |
|---|-------------------------------|--------------------------------|----------------------------|--------------------------------|
| | Insurance operations SR | Shareholders' operations SR | Insurance operations SR | Shareholders' operations SR |
| Cash at banks and in hand | 46,160,259 | 8,168,159 | 2,238,414 | 5,157,980 |
| Short-term deposit with original maturity of three months or less | - | 75,000,000 | - | 6,000,000 |
| | - | - | - | - |
| | 46,160,259 | 83,168,159 | 2,238,414 | 11,157,980 |
| | - | - | - | - |

Cash at banks are placed with local commercial banks with investment grade credit ratings.

5. TIME DEPOSITS

Time deposits represent deposits with local commercial banks with investment grade credit ratings and have an original maturity of more than three months from date of acquisition. The average variable special commission rate on the time deposits up to the period ended 30 September 2015 is 0.85% per annum (31 December 2014: 0.85%).

6. PREMIUMS RECEIVABLE, NET

| | 30 September 2015 (Unaudited) SR | 31 December 2014 (Audited) SR |
|------------------------------|-------------------------------------|----------------------------------|
| Premiums receivable | 50,156,110 | 3,512,379 |
| Provision for Doubtful debts | (1,536,961) | (90,827) |
| | - | - |
| Premiums receivable, net | 48,619,149 | 3,421,552 |
| | - | - |

**METLIFE, AMERICAN INTERNATIONAL GROUP AND ARAB NATIONAL BANK
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(A SAUDI JOINT STOCK COMPANY)

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)
(continued)**

For the three and nine month period ended 30 September 2015

7. RELATED PARTY TRANSACTIONS AND BALANCES

Related parties represent major shareholders and key management personnel of the Company. Pricing policies and term of settlements with related parties are as per the commercial terms. The significant related party transactions and the related balances at the end of the period are set out below:

| Related party/ Nature of transactions | Amount of transactions | | Balance 30 September 2015 SR | Balance 31 December 2014 SR |
|--|---|---|---------------------------------------|--------------------------------------|
| | For the period ended 30 September 2015 SR | For the period ended 30 September 2014 SR | | |
| Premium receivable from a related party | | | | |
| Arab National Bank ("ANB") (Shareholder) | | | | |
| Premiums receivable (advances) on policies sold through agency agreement with ANB agency | 56,404,694 | 151,587 | 24,715,920 | (817) |
| Commission payable on policies sold through agency agreement with ANB agency | 1,223,985 | 26,465 | 373,891 | 2,205 |
| | - | - | - | - |
| Reinsurance balances payable | | | | |
| American International Group ("AIG") (Shareholder) | | | | |
| Reinsurance premiums payable + XOL | 10,202,954 | 1,285,968 | 9,780,221 | 2,775,444 |
| Reinsurance commission | (2,499,040) | (336,925) | | |
| Reinsurance share of paid claims | (21,555) | | | |
| | - | - | - | - |
| Delaware American Life Insurance Company (Owned 100% by MetLife) | | | | |
| Reinsurance premiums payable | 1,814,452 | - | 1,040,598 | - |
| Reinsurance commission | (285,170) | | | |
| Reinsurance share of paid claims | (488,685) | | | |
| | - | - | - | - |
| American Life Insurance Company "ALICO" (Owned 100% by MetLife) | | | | |
| Reinsurance premiums net of reinsurance commission (portfolio transfer) | 7,471,541 | - | | |
| Reinsurance share of claims paid (portfolio transfer) | 10,164,954 | - | 9,554,743 | - |
| | - | - | - | - |

**METLIFE, AMERICAN INTERNATIONAL GROUP AND ARAB NATIONAL BANK
COOPERATIVE INSURANCE COMPANY**

(A SAUDI JOINT STOCK COMPANY)

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)
(continued)**

For the three and nine month period ended 30 September 2015

7. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

| Related party/ Nature of transactions | Amount of transactions | | Balance 30 September 2015 SR | Balance 31 December 2014 SR |
|--|---|---|---------------------------------------|--------------------------------------|
| | For the period ended 30 September 2015 SR | For the period ended 30 September 2014 SR | | |
| Due to related parties | | | | |
| MetLife (Shareholder) | | | | |
| Pre-incorporation expenses paid on behalf of the Company and recharged to the Company | | | | |
| General and administrative expenses paid on behalf of the Company and recharged to the Company | 521,599 | 1,747,887 | (59,719) | 1,403,719 |
| | - | - | - | - |
| Arab National Bank ("ANB") (Shareholder) | | | | |
| General and administrative expenses paid on behalf of the Company and recharged to the Company | - | 558 | - | - |
| | - | - | - | - |
| American International Group ("AIG") (Shareholder) | | | | |
| Pre-incorporation expenses paid on behalf of the Company and recharged to the Company | - | - | | |
| General and administrative expenses paid on behalf of the Company and recharged to the Company | 553,116 | 2,498,212 | 959,663 | 959,663 |
| | - | - | - | - |
| Total amounts due to related parties | | | 899,945 | 1,822,887 |
| | | | - | - |

**METLIFE, AMERICAN INTERNATIONAL GROUP AND ARAB NATIONAL BANK
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**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)
(continued)**

For the three and nine month period ended 30 September 2015

7. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

| Related party/ Nature of transactions | Amount of transactions | | Balance 30 September 2015 SR | Balance 31 December 2014 SR |
|---|---|---|---------------------------------------|--------------------------------------|
| | For the period ended 30 September 2015 SR | For the period ended 30 September 2014 SR | | |
| Commitments and Contingencies | | | | |
| Arab National Bank ("ANB") (Shareholder) | | | | |
| Letter of Guarantees | 2,995,097 | - | 3,545,097 | 550,000 |
| | - | - | - | - |
| Investment activities | | | | |
| Arab National Bank ("ANB") (Shareholder) | | | | |
| Time Deposits | | | 15,000,000 | 56,000,000 |
| Special commission income on deposits | 185,112 | 508,131 | 11,464 | 95,871 |
| | - | - | - | - |
| Key management personnel | | | | |
| Salaries and other benefits | 5,626,081 | 3,468,930 | - | - |
| | - | - | - | - |
| Board of Directors and Executive Committees' fees | 399,000 | 623,000 | 597,750 | 999,000 |
| | - | - | - | - |

**METLIFE, AMERICAN INTERNATIONAL GROUP AND ARAB NATIONAL BANK
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**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)
(continued)**

For the three and nine month period ended 30 September 2015

8. STATUTORY DEPOSIT

| | 30 September 2015 (Unaudited) SR | 31 December 2014 (Audited) SR |
|--|--|--------------------------------------|
| Statutory Deposit (10% of paid-up share capital) | 17,500,000 | 17,500,000 |
| Income credited to the Statutory Deposit | 174,521 | - |
| | - | - |
| | 17,674,521 | 17,500,000 |
| | - | - |

Statutory deposit represents 10% of the paid up share capital of the Company which is maintained in accordance with the Cooperative Insurance Companies Control Law issued by the Saudi Arabian Monetary Agency ("SAMA"). SAMA is entitled for its income and the deposits cannot be withdrawn without the consent of SAMA.

9. BASIC AND DILUTED LOSS PER SHARE

Basic and diluted loss per share for the period has been calculated by dividing the net loss before Zakat for the period by the ordinary, issued and outstanding shares at the period end of 17.5 million shares.

10. SEGMENT INFORMATION

Consistent with the Company's internal reporting process, business segments have been approved by management in respect of the Company's activities, assets and liabilities as stated below. Segment results do not include general and administration expenses.

Segment assets do not include cash and cash equivalents, prepayments and other assets, due from shareholders' operations and property and equipment. Accordingly they are included in unallocated assets.

Segment liabilities do not include part of end-of-service indemnities, accrued expenses and other liabilities and due to related parties. Accordingly they are included in unallocated liabilities.

All unallocated assets and liabilities are reported to chief operating decision maker as unallocated assets and liabilities and are monitored on a centralized basis.

All of the Company's operating assets and principal activities are located in the Kingdom of Saudi Arabia.

METLIFE, AMERICAN INTERNATIONAL GROUP AND ARAB NATIONAL BANK COOPERATIVE INSURANCE COMPANY
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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) (continued)

For the three and nine month period ended 30 September 2015

10. SEGMENT INFORMATION (continued)

10-1 Interim statement of insurance operations

| | For the three month period ended 30 September 2015 | | | | | | | | Total SR |
|--|--|-------------|----------------|--------------|-------------------|---------------------|--------------|-------------------------------|--------------|
| | Accident and Liability SR | Motor SR | Property SR | Marine SR | Engineering SR | Other General SR | Health SR | Protection & Savings SR | |
| Gross written premiums | 2,189,413 | - | 358,365 | 511,587 | 195,596 | 582,202 | 52,430,069 | 3,310,441 | 59,577,673 |
| Reinsurance premiums ceded | (1,741,874) | - | (356,580) | (434,849) | (191,466) | (18,495) | (257,486) | (3,182,699) | (6,183,449) |
| Excess of loss premiums | (64,383) | - | (2,068) | (1,882) | - | (98,896) | - | - | (167,229) |
| Net written premiums | 383,156 | - | (283) | 74,856 | 4,130 | 464,811 | 52,172,583 | 127,742 | 53,226,995 |
| Net changes in unearned premiums | (68,629) | - | 5,602 | (23,772) | (2,660) | (347,217) | (47,501,654) | 1,132,426 | (46,805,904) |
| Net earned premiums | 314,527 | - | 5,319 | 51,084 | 1,470 | 117,594 | 4,670,929 | 1,260,168 | 6,421,091 |
| Reinsurance commission income | 202,886 | - | 250,638 | 64,155 | 129,738 | 27,615 | 76,642 | 479,550 | 1,231,224 |
| Other underwriting income | - | 274,741 | - | - | - | - | - | 329,165 | 603,906 |
| Underwriting revenue | 517,413 | 274,741 | 255,957 | 115,239 | 131,208 | 145,209 | 4,747,571 | 2,068,883 | 8,256,221 |
| Gross claims paid | (738) | - | - | - | - | - | (1,174,094) | (10,105,676) | (11,280,508) |
| Reinsurers' share of claims paid | 369 | - | - | - | - | - | 239,793 | 8,728,716 | 8,968,878 |
| Net claims paid | (369) | - | - | - | - | - | (934,301) | (1,376,960) | (2,311,630) |
| Changes in outstanding claims | (301,708) | - | (5,177) | (42,274) | (917) | (138,709) | (2,865,623) | 1,481,070 | (1,873,338) |
| Net claims incurred | (302,077) | - | (5,177) | (42,274) | (917) | (138,709) | (3,799,924) | 104,110 | (4,184,968) |
| Commissions incurred | (172,559) | - | (119,187) | (52,966) | (92,428) | (33,857) | (226,551) | (211,145) | (908,693) |
| Other direct underwriting expense | (6,787) | - | (1,355) | - | 111,060 | 3,952 | (81,066) | (28,292) | (2,488) |
| Doubtful debt expense | (407,154) | - | (304,852) | (3,142) | (52,074) | (27,283) | (652,086) | (39,611) | (1,486,202) |
| Underwriting expenses | (888,577) | - | (430,571) | (98,382) | (34,359) | (195,897) | (4,759,627) | (174,938) | (6,582,351) |
| Underwriting result | (371,164) | 274,741 | (174,614) | 16,857 | 96,849 | (50,688) | (12,056) | 1,893,945 | 1,673,870 |
| Unallocated expenses | | | | | | | | | (9,140,843) |
| Net deficit for the period from insurance operations | | | | | | | | | (7,466,973) |

METLIFE, AMERICAN INTERNATIONAL GROUP AND ARAB NATIONAL BANK COOPERATIVE INSURANCE COMPANY
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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) (continued)

For the three and nine month period ended 30 September 2015

10. SEGMENT INFORMATION (continued)

10-1 Interim statement of insurance operations

| | For the period ended 30 September 2015 | | | | | | | | Total SR |
|--|--|-------------|----------------|--------------|-------------------|---------------------|--------------|-------------------------------|--------------|
| | Accident and Liability SR | Motor SR | Property SR | Marine SR | Engineering SR | Other General SR | Health SR | Protection & Savings SR | |
| Gross written premiums | 5,130,071 | - | 3,288,387 | 1,197,259 | 23,873,924 | 920,116 | 62,932,412 | 13,766,634 | 111,108,803 |
| Reinsurance premiums ceded | (3,689,512) | - | (3,260,972) | (1,017,671) | (23,854,756) | (99,671) | (1,824,104) | (8,772,427) | (42,519,113) |
| Excess of loss premiums | (101,353) | - | (3,105) | (4,376) | - | (181,478) | - | - | (290,312) |
| Net written premiums | 1,339,206 | - | 24,310 | 175,212 | 19,168 | 638,967 | 61,108,308 | 4,994,207 | 68,299,378 |
| Net changes in unearned premiums | (600,911) | - | (10,911) | (76,738) | (16,031) | (271,129) | (53,913,357) | (2,129,198) | (57,018,275) |
| Net earned premiums | 738,295 | - | 13,399 | 98,474 | 3,137 | 367,838 | 7,194,951 | 2,865,009 | 11,281,103 |
| Reinsurance commission income | 530,524 | - | 560,067 | 124,578 | 252,424 | 40,601 | 195,318 | 959,339 | 2,662,851 |
| Other underwriting income | - | 593,667 | - | - | - | - | - | 464,912 | 1,058,579 |
| Underwriting revenue | 1,268,819 | 593,667 | 573,466 | 223,052 | 255,561 | 408,439 | 7,390,269 | 4,289,260 | 15,002,533 |
| Gross claims paid | (300,738) | - | (21,292) | - | - | - | (2,068,520) | (17,430,248) | (19,820,798) |
| Reinsurers' share of claims paid | 300,369 | - | 21,186 | - | - | - | 488,684 | 16,053,288 | 16,863,527 |
| Net claims paid | (369) | - | (106) | - | - | - | (1,579,836) | (1,376,960) | (2,957,271) |
| Changes in outstanding claims | (626,478) | - | (11,889) | (79,687) | (2,278) | (391,674) | (4,405,736) | (951,244) | (6,468,986) |
| Net claims incurred | (626,847) | - | (11,995) | (79,687) | (2,278) | (391,674) | (5,985,572) | (2,328,204) | (9,426,257) |
| Commissions incurred | (426,265) | - | (278,975) | (102,851) | (175,397) | (86,864) | (403,038) | (475,006) | (1,948,396) |
| Other direct underwriting expense | (22,260) | - | (21,256) | (3,428) | (7,331) | 2,263 | (338,236) | (56,255) | (446,503) |
| Doubtful debt expense | (421,499) | - | (304,852) | (3,142) | (52,074) | 51,873 | (670,904) | (45,536) | (1,446,134) |
| Underwriting expenses | (1,496,871) | - | (617,078) | (189,108) | (237,080) | (424,402) | (7,397,750) | (2,905,001) | (13,267,290) |
| Underwriting result | (228,052) | 593,667 | (43,612) | 33,944 | 18,481 | (15,963) | (7,481) | 1,384,259 | 1,735,243 |
| Unallocated expenses | | | | | | | | | (25,036,392) |
| Net deficit for the period from insurance operations | | | | | | | | | (23,301,149) |

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) (continued)

For the three and nine month period ended 30 September 2015

10. SEGMENT INFORMATION (continued)

10-1 Interim statement of insurance operations

| | For the three month period ended 30 September 2014 | | | | | | | | Total SR |
|--|--|-------------|----------------|--------------|-------------------|---------------------|--------------|-------------------------------|-------------|
| | Accident and Liability SR | Motor SR | Property SR | Marine SR | Engineering SR | Other General SR | Health SR | Protection & Savings SR | |
| Gross written premiums | 256,478 | - | 170,916 | - | 35,000 | 496,988 | - | - | 959,382 |
| Reinsurance premiums ceded | (200,710) | - | (170,061) | - | (34,738) | (30,713) | - | - | (436,222) |
| Excess of loss premiums | - | - | - | - | - | - | - | - | - |
| Net written premiums | 55,768 | - | 855 | - | 262 | 466,275 | - | - | 523,160 |
| Net changes in unearned premiums | (41,785) | - | (381) | - | (247) | (358,701) | - | - | (401,114) |
| Net earned premiums | 13,983 | - | 474 | - | 15 | 107,574 | - | - | 122,046 |
| Reinsurance commission income | 25,278 | - | 4,995 | - | 602 | (7,031) | - | - | 23,844 |
| Other underwriting income | - | - | - | - | - | - | - | - | - |
| Underwriting revenue | 39,261 | - | 5,469 | - | 617 | 100,543 | - | - | 145,890 |
| Gross claims paid | - | - | - | - | - | - | - | - | - |
| Reinsurers' share of claims paid | - | - | - | - | - | - | - | - | - |
| Net claims paid | - | - | - | - | - | - | - | - | - |
| Changes in outstanding claims | (11,116) | - | (541) | - | (11) | (85,752) | - | - | (97,420) |
| Net claims incurred | (11,116) | - | (541) | - | (11) | (85,752) | - | - | (97,420) |
| Commissions incurred | (13,747) | - | (2,896) | - | (314) | (13,867) | - | - | (30,824) |
| Other direct underwriting expense | (1,283) | - | (854) | - | (175) | (2,485) | - | - | (4,797) |
| Doubtful debt expense | - | - | - | - | - | (77,059) | - | - | (77,059) |
| Underwriting expenses | (26,146) | - | (4,291) | - | (500) | (179,163) | - | - | (210,100) |
| Underwriting result | 13,115 | - | 1,178 | - | 117 | (78,620) | - | - | (64,210) |
| Unallocated expenses | | | | | | | | | (7,217,623) |
| Net deficit for the period from insurance operations | | | | | | | | | (7,281,833) |

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) (continued)

For the three and nine month period ended 30 September 2015

10. SEGMENT INFORMATION (continued)

10-1 Interim statement of insurance operations

| | For the period ended 30 September 2014 | | | | | | | | Total SR |
|--|--|-------------|----------------|--------------|-------------------|---------------------|--------------|-------------------------------|--------------|
| | Accident and Liability SR | Motor SR | Property SR | Marine SR | Engineering SR | Other General SR | Health SR | Protection & Savings SR | |
| Gross written premiums | 553,133 | - | 172,416 | - | 35,000 | 1,227,676 | - | - | 1,988,225 |
| Reinsurance premiums ceded | (477,190) | - | (170,061) | - | (34,738) | (615,263) | - | - | (1,297,252) |
| Excess of loss premiums | - | - | - | - | - | - | - | - | - |
| Net written premiums | 75,943 | - | 2,355 | - | 262 | 612,413 | - | - | 690,973 |
| Net changes in unearned premiums | (61,121) | - | (1,633) | - | (247) | (498,078) | - | - | (561,079) |
| Net earned premiums | 14,822 | - | 722 | - | 15 | 114,335 | - | - | 129,894 |
| Reinsurance commission income | 27,914 | - | 4,995 | - | 602 | - | - | - | 33,511 |
| Other underwriting income | - | - | - | - | - | - | - | - | - |
| Underwriting revenue | 42,736 | - | 5,717 | - | 617 | 114,335 | - | - | 163,405 |
| Gross claims paid | - | - | - | - | - | - | - | - | - |
| Reinsurers' share of claims paid | - | - | - | - | - | - | - | - | - |
| Net claims paid | - | - | - | - | - | - | - | - | - |
| Changes in outstanding claims | (11,116) | - | (541) | - | (11) | (85,752) | - | - | (97,420) |
| Net claims incurred | (11,116) | - | (541) | - | (11) | (85,752) | - | - | (97,420) |
| Commissions incurred | (15,102) | - | (2,896) | - | (314) | (17,150) | - | - | (35,462) |
| Other direct underwriting expense | (2,766) | - | (862) | - | (175) | (6,138) | - | - | (9,941) |
| Doubtful debt expense | - | - | - | - | - | (77,059) | - | - | (77,059) |
| Underwriting expenses | (28,984) | - | (4,299) | - | (500) | (186,099) | - | - | (219,882) |
| Underwriting result | 13,752 | - | 1,418 | - | 117 | (71,764) | - | - | (56,477) |
| Unallocated expenses | | | | | | | | | (12,550,339) |
| Net deficit for the period from insurance operations | | | | | | | | | (12,606,816) |

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) (continued)

For the three and nine month period ended 30 September 2015

10. SEGMENT INFORMATION (continued)

10-2 Insurance operations' assets and liabilities

| | September 30, 2015 | | | | | | | | | |
|--|---------------------------|----------|-------------|-----------|----------------|-------------------|------------|-------------------------|----------------|-------------|
| | Accident and Liability SR | Motor SR | Property SR | Marine SR | Engineering SR | Other Gen-eral SR | Health SR | Protection & Savings SR | Unallocated SR | Total SR |
| Insurance operations' assets | - | - | - | - | - | - | - | - | 46,160,259 | 46,160,259 |
| Cash and cash equivalents | 3,077,702 | - | 1,413,642 | 172,771 | 14,874,057 | 787,695 | 27,930,044 | 363,238 | - | 48,619,149 |
| Premiums receivable, net | 3,595,003 | - | 1,584,533 | 434,849 | 22,389,252 | 686,984 | 598,777 | 386,497 | - | 29,675,895 |
| Reinsurers' share of unearned premi-ums | - | - | - | - | - | - | - | - | - | - |
| Reinsurers' share of mathematical reserves | - | - | - | - | - | - | - | 257,856,497 | - | 257,856,497 |
| Reinsurers' share of outstanding claims | 2,120,490 | - | 1,653,581 | 437,116 | 1,245,637 | 109,309 | 416,768 | 16,600,157 | - | 22,583,058 |
| Deferred policy acquisition costs | 466,793 | - | 168,301 | 76,738 | 1,855,118 | 110,331 | 911,081 | 363,012 | - | 3,951,374 |
| Prepaid expenses and other assets | 66,765 | 318,926 | 7,986 | 7,162 | 112,038 | 123,591 | 3,046,547 | 39,612 | 7,170,113 | 10,892,740 |
| Due from shareholders operations | - | - | - | - | - | - | - | - | 6,529,297 | 6,529,297 |
| Property and equipment, net | - | - | - | - | - | - | - | - | 6,323,536 | 6,323,536 |
| TOTAL INSURANCE OPERATIONS' AS-SETS | 9,326,753 | 318,926 | 4,828,043 | 1,128,636 | 40,476,102 | 1,817,910 | 32,903,217 | 275,609,013 | 66,183,205 | 432,591,805 |
| Insurance operations' liabilities | | | | | | | | | | |
| Gross unearned premiums | 4,355,603 | - | 1,597,272 | 511,587 | 22,407,644 | 1,372,652 | 55,391,760 | 2,515,695 | - | 88,152,213 |
| Gross outstanding claims | 2,790,548 | - | 1,666,689 | 516,803 | 1,247,923 | 682,052 | 4,884,360 | 17,551,400 | - | 29,339,775 |
| Gross mathematical reserves | - | - | - | - | - | - | - | 257,856,497 | - | 257,856,497 |
| Payables, accruals and others | 493,155 | - | 339,278 | 179,589 | 1,197,418 | 120,584 | 1,330,692 | 22,254 | 7,200,187 | 10,883,157 |
| Reinsurance balances payable | 3,556,067 | - | 2,560,635 | 809,123 | 21,287,541 | 979,612 | 1,053,358 | 10,205,544 | - | 40,451,880 |
| Unearned reinsurance commission income | 663,844 | - | 407,644 | 92,949 | 2,628,330 | 178,616 | 101,959 | 89,124 | - | 4,162,466 |
| Due to related parties | - | - | - | - | - | - | - | - | 899,944 | 899,944 |
| Employees' terminal benefits | - | - | - | - | - | - | - | - | 845,873 | 845,873 |
| TOTAL INSURANCE OPERATIONS' LI-ABILITIES | 11,859,217 | - | 6,571,518 | 2,110,051 | 48,768,856 | 3,333,516 | 62,762,129 | 288,240,514 | 8,946,004 | 432,591,805 |

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) (continued)

For the three and nine month period ended 30 September 2015

10. SEGMENT INFORMATION (continued)

10-2 Insurance operations' assets and liabilities

| | December 31, 2014 | | | | | | | | | |
|---|---------------------------|----------|-------------|-----------|----------------|------------------|-----------|-------------------------|----------------|------------|
| | Accident and Liability SR | Motor SR | Property SR | Marine SR | Engineering SR | Other General SR | Health SR | Protection & Savings SR | Unallocated SR | Total SR |
| Insurance operations' assets | | | | | | | | | | |
| Cash and cash equivalents | - | - | - | - | - | - | - | - | 2,238,414 | 2,238,414 |
| Premiums receivable, net | 1,343,890 | - | 174,915 | - | 281,350 | 864,628 | 756,769 | - | - | 3,421,552 |
| Reinsurers' share of unearned premiums | 1,650,841 | - | 529,758 | - | 312,466 | 743,469 | 14,565 | - | - | 3,251,099 |
| Reinsurers' share of outstanding claims | 357,943 | - | 139,745 | - | 1,133 | - | 978 | - | - | 499,799 |
| Deferred policy acquisition costs | 266,190 | - | 79,663 | - | 47,224 | 76,611 | - | - | - | 469,688 |
| Prepaid expenses and other assets | 29,016 | - | 124 | - | - | 94,341 | - | - | 2,844,286 | 2,967,767 |
| Property and equipment, net | - | - | - | - | - | - | - | - | 8,054,849 | 8,054,849 |
| TOTAL INSURANCE OPERATIONS' ASSETS | 3,647,880 | - | 924,205 | - | 642,173 | 1,779,049 | 772,312 | - | 13,137,549 | 20,903,168 |
| Insurance operations' liabilities | | | | | | | | | | |
| Gross unearned premiums | 1,810,530 | - | 531,586 | - | 314,828 | 1,158,007 | 894,191 | - | - | 4,709,142 |
| Gross outstanding claims | 401,523 | - | 140,963 | - | 1,142 | 181,067 | 62,835 | - | - | 787,530 |
| Payables, accruals and others | 206,801 | - | 25,900 | - | 42,203 | 68,790 | - | - | 4,019,190 | 4,362,884 |
| Reinsurance balances payable | 1,588,918 | - | 405,950 | - | 222,924 | 701,989 | 7,932 | - | - | 2,927,713 |
| Unearned reinsurance commission income | 454,429 | - | 135,841 | - | 90,615 | 193,302 | 7,285 | - | - | 881,472 |
| Due to related parties | - | - | - | - | - | - | - | - | 1,822,887 | 1,822,887 |
| Due from shareholders operations | - | - | - | - | - | - | - | - | 5,028,658 | 5,028,658 |
| Employees' terminal benefits | - | - | - | - | - | - | - | - | 382,882 | 382,882 |
| TOTAL INSURANCE OPERATIONS' LIABILITIES | 4,462,201 | - | 1,240,240 | - | 671,712 | 2,303,155 | 972,243 | - | 11,253,617 | 20,903,168 |

11. PROPOSED CAPITAL INCREASE

On April 27th, 2015, the Company's Board of directors has recommended increasing the Company's capital from SAR 175 million to SAR 350 million through a rights issue. In this connection, the Company submitted its business plan along with related documents to SAMA on June 7th, 2015 for approval and SAMA has approved the capital increase in their letter no. 361000144425 dated 16/11/1436 H (corresponding to August 31st, 2015 G). The Company has appointed Saudi Hollandi Capital as a Financial Advisor for this transaction and the Company is currently preparing the required documents for obtaining CMA's approval. As of the financial reporting date, the Company has not yet submitted its Capital Increase documents to the CMA.

12. COMMITMENTS AND CONTINGENCIES

At September 30th, 2015, Letters of Guarantee amounting to SAR 3,545,097 were outstanding in favour of medical providers and general insurance tenders (SAR 550,000 as at Dec 31st, 2014). These letters of guarantee were issued against cash margin amounting to SAR 3,545,097 and SAR 550,000 as at 30th September 2015 and 31st December 2014 respectively which is classified under prepaid expenses and other assets in the financial position. There were no other commitments, contingencies, or outstanding legal proceedings or disputes of material nature.

13. APPROVAL OF THE INTERIM CONDENSED FINANCIAL STATEMENTS

The interim condensed financial statements have been approved by the management on 05/01/1437 H corresponding to (18/10/2015 G).

**METLIFE, AMERICAN INTERNATIONAL GROUP AND ARAB NATIONAL BANK
COOPERATIVE INSURANCE COMPANY**
(A SAUDI JOINT STOCK COMPANY)
FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT
31 DECEMBER 2014

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF
METLIFE, AMERICAN INTERNATIONAL GROUP AND ARAB NATIONAL BANK
COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)**

Scope of audit:

We have audited the accompanying statement of financial position of Metlife, American International Group and Arab National Bank Cooperative Insurance Company (A Saudi Joint Stock Company) (the "Company") as at 31 December 2014 and the related statements of insurance operations and shareholders' comprehensive operations, statement of changes in shareholders' equity and statements of cash flows of insurance operations and shareholders' operations for the period from 29 August 2013 to 31 December 2014 and the related notes which form an integral part of these financial statements. These financial statements are the responsibility of the Company's management and have been prepared by them in accordance with International Financial Reporting Standards and the provisions of Article 123 of the Regulations for Companies and submitted to us together with all the information and explanations which we required. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the Kingdom of Saudi Arabia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable degree of assurance to enable us to express an opinion on the financial statements.

Unqualified opinion:

In our opinion, the financial statements taken as a whole:

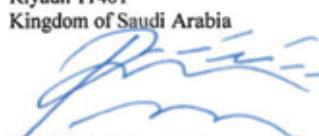
- i) present fairly, in all material respects, the financial position of the Company as at 31 December 2014 and the results of its operations and its cash flows for the period from 29 August 2013 to 31 December 2014 in accordance with International Financial Reporting Standards; and
- ii) comply with the requirements of the Regulations for Companies and the Company's Bye-laws in so far as they affect the preparation and presentation of the financial statements.

Emphasis of a matter:

We draw attention to the fact that these financial statements are prepared in accordance with International Financial Reporting Standards and not in accordance with accounting standards generally accepted in the Kingdom of Saudi Arabia as issued by the Saudi Organization for Certified Public Accountants.

Ernst & Young


P O Box 2732
Riyadh 11461
Kingdom of Saudi Arabia


Rashid S. AlRashoud
Certified Public Accountant
Registration No. 366



30 Rabi Al-Thani 1436H
(19 February 2015)

Deloitte & Touche
Bakr Abulkhair & Co.
P.O. Box 213
Riyadh 11411
Kingdom of Saudi Arabia


Bakr A. Abulkhair
Certified Public Accountant
Registration No. 101



**METLIFE, AMERICAN INTERNATIONAL GROUP AND ARAB NATIONAL BANK
COOPERATIVE INSURANCE COMPANY**

(A SAUDI JOINT STOCK COMPANY)

STATEMENT OF FINANCIAL POSITION

As at 31 December 2014

| | Notes | SR |
|--|-------|-------------|
| INSURANCE OPERATIONS> ASSETS | | |
| Cash and cash equivalents | 5 | 2,238,414 |
| Premiums receivable, net | 6 | 3,421,552 |
| Reinsurers' commission receivable | | 1,016,704 |
| Reinsurers' share of unearned premiums | 14 | 3,374,580 |
| Reinsurers' share of outstanding claims | 7 | 499,799 |
| Deferred policy acquisition costs | 8 | 469,688 |
| Prepaid expenses and other assets | 9 | 2,844,286 |
| Property and equipment, net | 10 | 8,054,849 |
| | | - |
| TOTAL INSURANCE OPERATIONS> ASSETS | | 21,919,872 |
| | | - |
| SHAREHOLDERS' ASSETS | | |
| Cash and cash equivalents | 5 | 11,157,980 |
| Due from insurance operations | | 5,028,658 |
| Prepaid expenses and other assets | 9 | 113,623 |
| Time deposits | 11 | 85,000,000 |
| Available for sale investment | 12 | 3,175,163 |
| Statutory deposit | 13 | 17,500,000 |
| | | - |
| TOTAL SHAREHOLDERS' ASSETS | | 121,975,424 |
| | | - |
| TOTAL INSURANCE OPERATIONS> AND SHAREHOLDERS' ASSETS | | 143,895,296 |
| | | - |

The accompanying notes 1 to 28 form an integral part of these financial statements.

**METLIFE, AMERICAN INTERNATIONAL GROUP AND ARAB NATIONAL BANK
COOPERATIVE INSURANCE COMPANY**

(A SAUDI JOINT STOCK COMPANY)

STATEMENT OF FINANCIAL POSITION (continued)

As at 31 December 2014

| | Notes | SR |
|--|-------|--------------|
| INSURANCE OPERATIONS' LIABILITIES | | |
| Gross unearned premiums | 14 | 4,709,142 |
| Gross outstanding claims | 7 | 787,530 |
| Payables, accruals and others | 15 | 4,362,884 |
| Reinsurance balances payable | | 3,944,417 |
| Unearned reinsurance commission income | 16 | 881,472 |
| Due to related parties | 17 | 1,822,887 |
| Due to shareholders' operations | | 5,028,658 |
| Employees' terminal benefits | | 382,882 |
| | | - |
| TOTAL INSURANCE OPERATIONS' LIABILITIES | | 21,919,872 |
| | | - |
| SHAREHOLDERS' LIABILITIES AND EQUITY | | |
| SHAREHOLDERS' LIABILITIES | | |
| Zakat | 18 | - |
| Payables, accruals and others | 15 | 1,286,173 |
| | | - |
| TOTAL SHAREHOLDERS' LIABILITIES | | 1,286,173 |
| | | - |
| SHAREHOLDERS' EQUITY | | |
| Share capital | 19 | 175,000,000 |
| Accumulated deficit | | (54,310,749) |
| | | - |
| TOTAL SHAREHOLDERS' EQUITY | | 120,689,251 |
| | | - |
| TOTAL SHAREHOLDERS' LIABILITIES AND EQUITY | | 121,975,424 |
| | | - |
| TOTAL INSURANCE OPERATIONS' LIABILITIES AND SHAREHOLDERS' LIABILITIES AND EQUITY | | 143,895,296 |
| | | - |

The accompanying notes 1 to 28 form an integral part of these financial statements.

**METLIFE, AMERICAN INTERNATIONAL GROUP AND ARAB NATIONAL BANK
COOPERATIVE INSURANCE COMPANY**

(A SAUDI JOINT STOCK COMPANY)

STATEMENT OF INSURANCE OPERATIONS

| | Notes | For the period from 29 August 2013 to 31 December 2014 SR |
|--|-------|--|
| Gross written premiums | | 5,741,138 |
| Reinsurance premiums ceded | | (4,108,005) |
| | | - |
| NET WRITTEN PREMIUMS | | 1,633,133 |
| Net unearned premiums | | (1,334,562) |
| | | - |
| NET EARNED PREMIUMS | | 298,571 |
| Reinsurance commission earned | 16 | 172,039 |
| Other income, net | | 500 |
| | | - |
| UNDERWRITING REVENUE | | 471,110 |
| | | - |
| Gross outstanding claims | 7 | (787,530) |
| Reinsurers' share of outstanding claims | 7 | 499,799 |
| | | - |
| NET CLAIMS INCURRED | | (287,731) |
| Policy acquisition costs | 8 | (136,589) |
| Inspection and supervisory fees | | (38,449) |
| | | - |
| UNDERWRITING EXPENSES | | (462,769) |
| | | - |
| UNDERWRITING RESULTS | | 8,341 |
| General and administration expenses | 20 | (20,294,150) |
| | | - |
| NET DEFICIT FOR THE PERIOD FROM INSURANCE OPERATIONS | | (20,285,809) |
| | | - |
| Shareholders' appropriation from deficit | | 20,285,809 |
| | | - |
| NET RESULT FOR THE PERIOD | | - |
| | | - |

The accompanying notes 1 to 28 form an integral part of these financial statements.

**METLIFE, AMERICAN INTERNATIONAL GROUP AND ARAB NATIONAL BANK
COOPERATIVE INSURANCE COMPANY**

(A SAUDI JOINT STOCK COMPANY)

STATEMENT OF SHAREHOLDERS' COMPREHENSIVE OPERATIONS

| | Notes | For the period from 29 August 2013 to 31 December 2014 SR |
|--|-------|--|
| Appropriation of deficit from insurance operations | | (20,285,809) |
| Special commission income | | 792,878 |
| General and administrative expenses | 20 | (12,842,587) |
| | | - |
| LOSSES INCURRED DURING THE PERIOD | | (32,335,518) |
| Pre-incorporation expenses, net | 21 | (11,335,620) |
| | | - |
| NET LOSS BEFORE ZAKAT FOR THE PERIOD | | (43,671,138) |
| Zakat | 18 | (1,242,671) |
| | | - |
| TOTAL COMPREHENSIVE LOSS FOR THE PERIOD | | (44,913,809) |
| | | - |
| LOSS PER SHARE: | | |
| Basic and diluted loss per share | 23 | (2.50) |
| | | - |

The accompanying notes 1 to 28 form an integral part of these financial statements.

METLIFE, AMERICAN INTERNATIONAL GROUP AND ARAB NATIONAL BANK COOPERATIVE INSURANCE COMPANY

(A SAUDI JOINT STOCK COMPANY)

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the period from 29 August 2013 to 31 December 2014

| | Saudi and GCC Shareholders | | Foreign Shareholders | | Total Shareholders | | Total SR |
|---|----------------------------|------------------------|----------------------|------------------------|--------------------|------------------------|--------------|
| | Share capital SR | Accumulated deficit SR | Share capital SR | Accumulated deficit SR | Share capital SR | Accumulated deficit SR | |
| | - | - | - | - | - | - | - |
| Issue of share capital (Note 19) | 105,000,000 | - | 70,000,000 | - | 175,000,000 | - | 175,000,000 |
| Transaction costs on issue of share capital (Note 19) | - | (5,638,164) | - | (3,758,776) | - | (9,396,940) | (9,396,940) |
| Net loss for the period | - | (26,202,683) | - | (17,468,455) | - | (43,671,138) | (43,671,138) |
| Zakat (Note 18) | - | (1,242,671) | - | - | - | (1,242,671) | (1,242,671) |
| | - | - | - | - | - | - | - |
| Balance as at 31 December 2014 | 105,000,000 | (33,083,518) | 70,000,000 | (21,227,231) | 175,000,000 | (54,310,749) | 120,689,251 |
| | - | - | - | - | - | - | - |

The accompanying notes 1 to 28 form an integral part of these financial statements.

**METLIFE, AMERICAN INTERNATIONAL GROUP AND ARAB NATIONAL BANK
COOPERATIVE INSURANCE COMPANY**

(A SAUDI JOINT STOCK COMPANY)

STATEMENT OF INSURANCE OPERATIONS' CASH FLOWS

For the period from 29 August 2013 to 31 December 2014

| | Note | SR |
|--|------|--------------|
| OPERATING ACTIVITIES | | |
| Net result for the period | | - |
| Adjustments for: | | |
| Shareholders' appropriation from deficit | | (20,285,809) |
| Depreciation | | 2,036,910 |
| Provision for doubtful receivables | | 90,827 |
| Employees' terminal benefits | | 382,882 |
| | | - |
| | | (17,775,190) |
| Changes in operating assets and liabilities: | | |
| Premiums receivable | | (3,512,379) |
| Reinsurers' commission receivable | | (1,016,704) |
| Reinsurers' share of outstanding claims | | (499,799) |
| Reinsurers' share of unearned premiums | | (3,374,580) |
| Deferred policy acquisition costs | | (469,688) |
| Prepaid expenses and other assets | | (2,844,286) |
| Gross outstanding claims | | 787,530 |
| Gross unearned premiums | | 4,709,142 |
| Payables, accruals and others | | 4,362,884 |
| Reinsurance balances payable | | 3,944,417 |
| Unearned reinsurance commission income | | 881,472 |
| Due to related parties | | 1,822,887 |
| Due to shareholders' operations | | 16,551,144 |
| | | - |
| Net cash from operating activities | | 3,566,850 |
| | | - |
| INVESTING ACTIVITIES | | |
| Purchase of property and equipment | | (1,328,436) |
| | | - |
| Net cash used in investing activities | | (1,328,436) |
| | | - |
| INCREASE IN CASH AND CASH EQUIVALENTS | | 2,238,414 |
| Cash and cash equivalents at the beginning of the period | | - |
| | | - |
| CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD | 5 | 2,238,414 |
| | | - |
| Non-cash supplemental information: | | |
| Property and equipment transferred from shareholders' operations | | (8,763,323) |

The accompanying notes 1 to 28 form an integral part of these financial statements.

**METLIFE, AMERICAN INTERNATIONAL GROUP AND ARAB NATIONAL BANK
COOPERATIVE INSURANCE COMPANY**

(A SAUDI JOINT STOCK COMPANY)

STATEMENT OF SHAREHOLDERS' CASH FLOWS

For the period from 29 August 2013 to 31 December 2014

| | Notes | SR |
|--|----------|-------------------|
| OPERATING ACTIVITIES | | |
| Net loss before Zakat | | (43,671,138) |
| Adjustments for: | | |
| Appropriation of deficit from insurance operations | | 20,285,809 |
| Depreciation | | 2,978,870 |
| Special commission income | | (792,878) |
| | | - |
| | | (21,199,337) |
| Changes in operating assets and liabilities: | | |
| Statutory deposit | | (17,500,000) |
| Due from insurance operations | | (16,551,144) |
| Prepaid expenses and other assets | | (3,993) |
| Payables, accruals and others | | 1,286,173 |
| Due to related parties | | (5,292,304) |
| Zakat paid | | (1,242,671) |
| | | - |
| Net cash used in operating activities | | (60,503,276) |
| | | - |
| INVESTING ACTIVITIES | | |
| Purchase of property and equipment | | (11,742,193) |
| Time deposits | | (85,000,000) |
| Available for sale investment | | (3,175,163) |
| Special commission income received | | 683,248 |
| | | - |
| Net cash used in investing activities | | (99,234,108) |
| | | - |
| FINANCING ACTIVITIES | | |
| Issue of share capital | | 175,000,000 |
| Transaction costs on issue of share capital | | (4,104,636) |
| | | - |
| Net cash from financing activities | | 170,895,364 |
| | | - |
| INCREASE IN CASH AND CASH EQUIVALENTS | | 11,157,980 |
| Cash and cash equivalents at the beginning of the period | | - |
| | | - |
| CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD | 5 | 11,157,980 |
| | | - |
| Non-cash supplemental information: | | |
| Transaction costs on initial public offer paid by shareholders | 17 | 5,292,304 |
| Property and equipment transferred to insurance operations | | 8,763,323 |

The accompanying notes 1 to 28 form an integral part of these financial statements.

MetLife, American International Group and Arab National Bank Cooperative Insurance Company

(A Saudi Joint Stock Company)

NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2014

1. ORGANISATION AND PRINCIPAL ACTIVITIES

MetLife, American International Group and Arab National Bank Cooperative Insurance Company (the "Company") is a Saudi Joint Stock Company registered in the Kingdom of Saudi Arabia under Commercial Registration numbered 1010391438 dated 22 Dhul-Hijjah 1434H (corresponding to 27 October 2013).

The address of registered office of the Company is as follows:

MetLife, American International Group and Arab National Bank Cooperative Insurance Company

P.O. Box 56437

Riyadh 11554

Kingdom of Saudi Arabia.

The objective of the Company is to transact cooperative insurance operations and related activities in accordance with the Law on Supervision of Cooperative Insurance Companies and its implementing regulations applicable in the Kingdom of Saudi Arabia. Its principal lines of business include individual and group life, accident and health and all classes of general insurance. The Company's shares were listed on the Saudi Arabian Stock Exchange ("Tadawul") on 23 Muharram 1435H (corresponding to 26 November 2013).

As per the Company's bye-laws, the Company's first fiscal year commences on the date of the Ministerial Resolution declaring the incorporation of the Company, which was on 22 Shawwal 1434H (corresponding to 29 August 2013) and ends on 31 December 2014. Accordingly, these are the first statutory financial statements of the Company which cover the period from 29 August 2013 to 31 December 2014 and therefore no comparative information is presented in these financial statements.

The Company completed the legal formalities for incorporation on 29 August 2013. The founding shareholders commenced the pre-incorporation activities from 18 January 2012. All related income and expenses for the period from 18 January 2012 to 28 August 2013 are classified as "pre-incorporation expenses, net" in the statement of shareholders' comprehensive operations.

The Saudi Arabian Monetary Agency ("SAMA") has provided the Company with the final approval to conduct insurance business in the Kingdom of Saudi Arabia on 25 February 2014.

The Company launched its insurance operations during April 2014 after receiving SAMA's temporary approval on some general insurance products. Accordingly, the insurance operations as set out in these financial statements relate to the period from 1 April 2014 to 31 December 2014.

2. BASIS OF PREPARATION

2-1 Basis of preparation

The financial statements have been prepared under the historical cost basis.

As required by Saudi Arabian insurance regulations, the Company maintains separate accounts for Insurance Operations and Shareholders' Operations. The physical custody of all assets related to the Insurance Operations and Shareholders' Operations are held by the Company. Revenues and expenses clearly attributable to either activity are recorded in the respective accounts. The basis of allocation of other revenue and expenses from joint operations is as determined by the management and Board of Directors. As per the bye-laws of the Company, the deficit arising from the Insurance Operations is allocated fully to Shareholders Operations whereas any surplus arising from the Insurance Operations is distributed as follows:

| | |
|---------------|------|
| Shareholders | 90% |
| Policyholders | 10% |
| | 100% |

**MetLife, American International Group and Arab National Bank Cooperative
Insurance Company**

(A Saudi Joint Stock Company)

NOTES TO THE FINANCIAL STATEMENTS (continued)

At 31 December 2014

2. BASIS OF PREPARATION (continued)

2-1-1 Statement of compliance

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS"). Accordingly these financial statements are not intended to be a presentation in conformity with the accounting standards generally accepted in the Kingdom of Saudi Arabia, as issued by the Saudi Organization for Certified Public Accountants ("SOCPA").

2-1-2 Functional and presentational currency

The functional and presentation currency of the Company is Saudi Riyals.

3. SIGNIFICANT ACCOUNTING POLICIES

3-1 Property and equipment

Property and equipment are measured at cost less accumulated depreciation and any impairment in value. Cost includes expenditure that is directly attributable to the acquisition of the assets. Expenditure for repair and maintenance is charged to statement of insurance operations. Improvements that increase the value or materially extend the life of the related assets are capitalised. Depreciation is charged to the statement of insurance operations on a straight line basis over the estimated useful lives of the assets. The estimated useful lives of the assets for the calculation of depreciation are as follows:

| | |
|------------------------|---------|
| Leasehold improvements | 7 years |
| Furniture and fixtures | 7 years |
| Office equipment | 5 years |
| Computer hardware | 5 years |
| Computer software | 3 years |
| Motor vehicles | 5 years |

Any gain or loss on disposal of an item of property and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in the statement of insurance operations.

The carrying values of property and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount.

3-2 Accounts payable and accruals

Liabilities are recognised for amounts to be paid in the future for goods or services received, whether billed by the supplier or not.

3-3 Provisions

Provisions are recognised when the Company has an obligation (legal or constructive) arising from a past event, and the costs to settle the obligation are both probable and may be measured reliably. Provisions are not recognised for future operating losses.

**MetLife, American International Group and Arab National Bank Cooperative
Insurance Company**

(A Saudi Joint Stock Company)

NOTES TO THE FINANCIAL STATEMENTS (continued)

At 31 December 2014

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3-4 Leases

Operating lease payments are recognised as an expense in the statement of insurance operations on a straight-line basis over the lease term.

3-5 Zakat and income tax

Zakat and income tax are provided for in accordance with Saudi Arabian fiscal regulations. Zakat and income tax are accrued and charged to the statement of shareholders' comprehensive operations.

3-6 Employees' terminal benefits

Employees' terminal benefits are accrued currently and are payable as a lump sum to all employees under the terms and conditions of Saudi Labour Regulations on termination of their employment contracts. The liability is calculated as the current value of the vested benefits to which the employee is entitled, should the employee leave at reporting date. Terminal benefits payments are based on employees' final salaries and allowances and their cumulative years of service, as defined by Saudi Arabian Labour Law.

3-7 Cash and cash equivalents

Cash and cash equivalents for the purposes of statement of shareholders' cash flows comprise of cash at banks and short-term deposits, if any, with an original maturity of ninety days or less from the date of acquisition.

3-8 Revenue recognition

Recognition of premium and commission revenue

Premiums and commission are taken into "statement of insurance operations" over the terms of the policies to which they relate on a pro-rata basis, so that the revenue is recognized over the period of the risk. Unearned premiums represent the portion of premiums written relating to the unexpired period of coverage. The change in the provision for unearned premiums is taken to the "statement of insurance operations", over the period of risk.

Retained premiums and commission income, which relate to unexpired risks beyond the end of the financial period, are reported as unearned and deferred based on the actual number of days for other lines of business.

The underwriting results represents premiums earned, fee and commission income earned less claims paid, other underwriting expenses and anticipated claims payable in respect of the period, net of amounts subject to reinsurance, less provision for any anticipated future losses on continuing policies.

3-9 Special commission income

Special commission income on short-term and time deposits is accrued on an effective yield basis.

3-10 Insurance contract

Insurance contracts are defined as those containing significant insurance risk at the inception of the contract or those where at the inception of the contract there is a scenario with commercial substance where the level of insurance risk may be significant. The significance of insurance risk is dependent on both the probability of an insured event and the magnitude of its potential effect.

Once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its lifetime, even if the insurance risk reduces significantly during this period.

**MetLife, American International Group and Arab National Bank Cooperative
Insurance Company**

(A Saudi Joint Stock Company)

NOTES TO THE FINANCIAL STATEMENTS (continued)

At 31 December 2014

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3-11 Claims

Claims consist of amounts payable to policy holders and third parties and related loss adjustment expenses, net of salvage and other recoveries and are charged to statement of insurance operations. Gross outstanding claims comprise gross estimated cost of claims incurred but not settled at the reporting date, whether reported or not. Provisions for reported claims not paid as of the financial reporting date are made on the basis of individual case estimates. The Company does not discount its liabilities for unpaid claims as substantially all claims are expected to be paid within one year of the financial reporting date.

3-12 Outstanding claims and other technical reserves

The Company generally estimates its claims based on previous experience. In addition a provision based on management's judgment is maintained for the cost of settling claims "incurred but not reported" and "unallocated loss adjustment expense reserve" at the reporting date. Any difference between the provisions at the balance sheet date and settlements and provisions for the following period is included in the underwriting account for that period. The Company acquires services of an independent actuary to determine such claims.

The outstanding claims are shown on a gross basis and the related share of the reinsurers is shown separately.

The estimation of the ultimate liability arising from claims made under insurance contracts is the Company's most critical accounting estimate. There are several sources of uncertainty that need to be considered in estimating the liability that the Company will ultimately pay for such claims. The provision for claims incurred but not reported is an estimation of claims which are expected to be reported subsequent to the end of financial reporting period, for which the insured event has occurred prior to the end of the financial reporting period.

3-13 Deferred policy acquisition costs

Commissions and other costs directly related to the acquisition and renewal of insurance contracts are deferred and amortised over the terms of the insurance contracts to which they relate as premiums are earned. Amortisation is recorded in the "statement of insurance operations".

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

An impairment review is performed at each financial reporting date or more frequently when an indication of impairment arises. When the recoverable amounts are less than the carrying value, an impairment loss is recognised in the statement of insurance operations. Deferred policy acquisition cost is also considered in the liability adequacy test for each financial reporting period.

3-14 Reinsurance

The Company cedes insurance risk in the normal course of business for all of its businesses under which the Company is compensated for losses on insurance contracts issued. Reinsurance assets represent balances due from reinsurance companies. Recoverable amounts are estimated in a manner consistent with the outstanding claims provision and are in accordance with the reinsurance contract.

An impairment review is performed at each reporting date or more frequently when an indication of impairment arises during the reporting period. Impairment occurs when objective evidence exists that the Company may not recover outstanding amounts under the terms of the contract and when the impact on the amounts that the Company will receive from the reinsurer can be measured reliably. The impairment loss is recorded in the "statement of insurance operations".

Ceded reinsurance arrangements do not relieve the Company from its obligations to policyholders. Premiums and claims on assumed reinsurance are recognised as income and expenses in the same manner as they would be if the reinsurance were considered direct business, taking into account the product classification of the reinsured business.

**MetLife, American International Group and Arab National Bank Cooperative
Insurance Company**

(A Saudi Joint Stock Company)

NOTES TO THE FINANCIAL STATEMENTS (continued)

At 31 December 2014

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Reinsurance liabilities represent balances due to reinsurance companies. Amounts payable are estimated in a manner consistent with the associated reinsurance contract. Premiums and claims are presented on a gross basis for both ceded and assumed reinsurance. Reinsurance assets or liabilities are derecognised when the contractual rights are extinguished or expire or when the contract is transferred to another party.

3-15 Liability adequacy test

At each reporting date the Company assesses whether its recognised insurance liabilities are adequate using current estimates of future cash flows under its insurance contracts. If that assessment shows that the carrying amount of its insurance liabilities (less related deferred policy acquisition costs) is inadequate in the light of estimated future cash flows, the entire deficiency is immediately recognised in statement of insurance operations and an unexpired risk provision is created. The Company does not discount its liability for unpaid claims as substantially all claims are expected to be paid within one year of the reporting date.

3-16 Expenses

Expenses are recognised when decrease in future economic benefit related to a decrease in an asset or an increase in a liability has arisen that can be measured reliably.

3-17 Foreign currencies

Transactions in foreign currencies are recorded at the exchange rate ruling at the date of transaction. Monetary assets and liabilities denominated in foreign currencies at the statement of financial position date are retranslated at the rates of exchange ruling at the statement of financial position date. All differences are taken to the statement of shareholders' comprehensive operations. Foreign exchange gains or loss on available for sale investments are recognised in the statement of shareholders' comprehensive operations.

3-18 Statutory reserve

In accordance with its Articles of Association, the Company shall allocate 20% of its net income of each year to a statutory reserve until it has built up a reserve equal to the share capital.

3-19 Impairment and uncollectibility of financial assets

An assessment is made at each financial reporting date to determine whether there is objective evidence that a specific financial asset or group of financial assets may be impaired. If such evidence exists, the estimated recoverable amount of that asset is determined and any impairment loss, based on the net present value of future anticipated cash flows, is recognised in the statement of shareholders' comprehensive operations. When a financial asset is uncollectible, it is written off against the related provision for impairment. Financial assets are written off only in circumstances where effectively all possible means of recovery have been exhausted, and the amount of the loss has been determined.

Impairment is determined as follows:

- For assets carried at fair value, impairment is the difference between cost and fair value, less any impairment loss previously recognised in the statement of shareholders' comprehensive operations.
- For assets carried at cost, impairment is the difference between carrying value and the present value of future cash flows discounted at the current market rate of return for a similar financial asset.

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NOTES TO THE FINANCIAL STATEMENTS (continued)

At 31 December 2014

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3-20 Offsetting

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously. Income and expense are not offset in the statement of insurance or shareholders' comprehensive operations unless required or permitted by an accounting standard or interpretation, as specifically disclosed in the accounting policies of the Company.

3-21 Derecognition of financial instruments

The derecognition of a financial instrument takes place when the Company no longer controls the contractual rights that comprise the financial instrument, which is normally the case when the instrument is sold, or all the cash flows attributable to the instrument are passed through to an independent third party.

3-22 Fair values

The fair value of financial assets that are actively traded in organised financial markets is determined by reference to quoted market bid prices for assets and offer prices for liabilities, at the close of business on the statement of financial position date. If quoted market prices are not available, reference is also be made to broker or dealer price quotations.

For financial assets where there is no active market, fair value is determined by using valuation techniques. Such techniques include using recent arm's length transactions, reference to the current market value of another instrument which is substantially the same and/or discounted cash flow analysis. For discounted cash flow techniques, estimated future cash flows are based on management's best estimates and the discount rate used is a market related rate for similar assets.

3-23 Segment reporting

An operating segment is a component of the Company that is engaged in business activities from which it earns revenues and incur expenses and about which discrete financial information is available that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the chief executive officer that makes strategic decisions.

3-24 Going concern

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

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4. SIGNIFICANT ACCOUNTING ESTIMATES, JUDGEMENTS AND ASSUMPTIONS

4-1 Judgements

The preparation of the Company's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

4-2 Key estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed in the significant accounting policies in note 3.

5. CASH AND CASH EQUIVALENTS

| | 31 December 2014 | |
|---|----------------------------|--------------------------------|
| | Insurance operations SR | Shareholders' operations SR |
| Cash at banks and in hand | 2,238,414 | 5,157,980 |
| Short-term deposit with original maturity of three months or less | - | 6,000,000 |
| | - | - |
| | 2,238,414 | 11,157,980 |
| | - | - |

Short-term deposit is with a local affiliate bank, a shareholder, and has an original maturity of three months. The special commission rate on the short-term deposit is 0.75% per annum.

Short-term deposit and cash at banks are placed with local commercial banks with investment grade credit ratings.

The carrying values of short-term deposit and cash at banks approximate their fair value at the reporting date.

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At 31 December 2014

6. PREMIUMS RECEIVABLE, NET

The ageing analysis of premiums receivable balances is set out below.

| | | Past due not impaired | Past due and impaired | |
|------------------------------|-----------|-----------------------|-----------------------|--------------------|
| 31 December 2014 | Total SR | Up to 90 days SR | 91 to 180 days SR | 181 to 360 days SR |
| Premiums receivable | 3,512,379 | 2,044,146 | 693,419 | 774,814 |
| Provision for doubtful debts | (90,827) | - | - | (90,827) |
| | - | - | - | - |
| Premiums receivable, net | 3,421,552 | 2,044,146 | 693,419 | 683,987 |
| | - | - | - | - |

The Company classifies balances as 'past due and impaired' on the basis of the guidelines given by SAMA. Unimpaired premiums receivable are expected to be fully recoverable. It is not the practice of the Company to obtain collateral over premiums receivable, and vast majority of such balances are therefore unsecured.

7. OUTSTANDING CLAIMS

| | 31 December 2014 SR | | |
|---|---------------------|-------------------|---------|
| | Gross | Reinsurers' share | Net |
| Outstanding reported claims | 11,567 | 4,478 | 7,089 |
| Claims incurred but not reported | 762,432 | 495,321 | 267,111 |
| Unallocated loss adjustment expense reserve | 13,531 | - | 13,531 |
| | - | - | - |
| Total outstanding claims | 787,530 | 499,799 | 287,731 |
| | - | - | - |

8. DEFERRED POLICY ACQUISITION COSTS

| | For the period from 29 August 2013 to 31 December 2014 SR |
|--|---|
| Commission incurred during the period | 606,277 |
| Commission amortized during the period | (136,589) |
| | - |
| | 469,688 |

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NOTES TO THE FINANCIAL STATEMENTS (continued)

At 31 December 2014

9. PREPAID EXPENSES AND OTHER ASSETS

| | 31 December 2014 SR | |
|--------------------------------------|------------------------|--------------------------|
| | Insurance operations | Shareholders' operations |
| Employee receivables | 1,202,398 | - |
| Prepaid expenses | 360,883 | - |
| Deposit against letters of guarantee | 550,000 | - |
| Security deposits | 261,500 | - |
| Advance to suppliers | 236,436 | - |
| Prepaid rent | 233,069 | - |
| Accrued interest | - | 109,630 |
| Other assets | - | 3,993 |
| | - | - |
| | 2,844,286 | 113,623 |
| | - | - |

10. PROPERTY AND EQUIPMENT, NET

| | Leasehold improve- ments SR | Furniture and fixtures SR | Office equipment SR | Computer hardware SR | Computer software SR | Motor vehicles SR | Total 2014 SR |
|--------------------------|--------------------------------------|---------------------------------|---------------------------|----------------------------|----------------------------|-------------------------|---------------------|
| Cost: | | | | | | | |
| Additions for the period | 3,454,254 | 972,139 | 499,289 | 4,697,281 | 3,232,617 | 215,049 | 13,070,629 |
| | - | - | - | - | - | - | - |
| Depreciation: | | | | | | | |
| Charge for the period | 906,570 | 272,808 | 170,003 | 2,131,132 | 1,503,591 | 31,676 | 5,015,780 |
| | - | - | - | - | - | - | - |
| Net book value: | | | | | | | |
| As at 31 December 2014 | 2,547,684 | 699,331 | 329,286 | 2,566,149 | 1,729,026 | 183,373 | 8,054,849 |
| | - | - | - | - | - | - | - |

The depreciation charge is allocated between pre-incorporation expenses, Policyholders' and Shareholders' general and administrative expenses, as follows:

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NOTES TO THE FINANCIAL STATEMENTS (continued)

At 31 December 2014

10. PROPERTY AND EQUIPMENT, NET (continued)

| | For the period from 29 August 2013 to 31 December 2014 SR |
|--|--|
| Pre-incorporation expenses (note 21) | 1,636,415 |
| General and administration expenses Shareholders' operations (note 20) | 1,342,455 |
| General and administration expenses Insurance operations (note 20) | 2,036,910 |
| | - |
| | 5,015,780 |
| | - |

11. TIME DEPOSITS

Time deposits represent deposits with local commercial banks with investment grade credit ratings and have an original maturity of more than three months from date of acquisition. The average variable special commission rate on the time deposits as at 31 December 2014 is 0.85 % per annum.

The carrying values of time deposits approximate their fair value at the reporting date.

12. AVAILABLE FOR SALE INVESTMENT

This investment represents 3.85% (192,308 shares) equity holding in the unquoted share capital of "Najm Insurance Services Company". As the fair value is not readily available; this investment has been carried at cost and reviewed by management for impairment. Management is of the opinion that the fair market value of this investment is not materially different from its carrying value.

13. STATUTORY DEPOSIT

Statutory deposit amounting to SR 17,500,000 represents 10% of the paid up share capital of the Company which is maintained in accordance with the Cooperative Insurance Companies Control Law issued by the Saudi Arabian Monetary Agency ("SAMA"). This statutory deposit cannot be withdrawn without the consent of SAMA.

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NOTES TO THE FINANCIAL STATEMENTS (continued)

At 31 December 2014

14. UNEARNED PREMIUMS

| | For the period from 29 August 2013 to 31 December 2014 SR | | |
|------------------------------------|---|-------------------|-----------|
| | Gross | Reinsurers, share | Net |
| Premiums written during the period | 5,741,138 | 4,108,005 | 1,633,133 |
| Premiums earned during the period | (1,031,996) | (733,425) | (298,571) |
| | - | - | - |
| Balance at end of the period | 4,709,142 | 3,374,580 | 1,334,562 |

15. PAYABLES, ACCRUALS AND OTHERS

| | 31 December 2014 SR | |
|-------------------------------|------------------------|--------------------------|
| | Insurance operations | Shareholders' operations |
| Accrued HR Costs | 1,548,055 | 272,975 |
| Accrued External service fees | 1,054,157 | |
| Accrued Occupancy Cost | 1,032,576 | |
| Accrued BOD Fees | - | 1,013,197 |
| Accrued IT expenses | 165,108 | |
| Accrued Travel expenses | 80,439 | |
| Other Accrued expenses | 55,921 | |
| Commissions payable | 343,694 | |
| Other payables | 82,934 | - |
| | - | - |
| | 4,362,884 | 1,286,173 |
| | - | - |

16. UNEARNED REINSURANCE COMMISSION INCOME

| | For the period from 29 August 2013 to 31 December 2014 SR |
|---------------------------------------|--|
| Commission received during the period | 1,053,511 |
| Commission earned during the period | (172,039) |
| | - |
| Balance at the end of the period | 881,472 |

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NOTES TO THE FINANCIAL STATEMENTS (continued)

At 31 December 2014

17. RELATED PARTY TRANSACTIONS AND BALANCES

Related parties represent major shareholders and key management personnel of the Company. Pricing policies and term of settlement with related parties are as per the commercial terms. The significant related party transactions for the period and the related balances at the end of the period are set out below:

| | | Amount of transactions | |
|--|---|--|--------------------------------------|
| Related party | Nature of transactions | For the period from 29 August 2013 to 31 December 2014 SR | Balance 31 December 2014 SR |
| Premium receivable from a related party | | | |
| Arab National Bank ("ANB") (Shareholder) | Directors and Officers (D&O) insurance premium | 140,250 | - |
| | Due premiums net of commissions on policies sold through agency agreement with ANB agency | 163,280 | 3,022 |
| | | - | - |
| Reinsurance balances payable | | | |
| American International Group ("AIG") (Shareholder) | Reinsurance premiums net of reinsurance commission | 2,096,979 | 2,096,979 |
| | | - | - |
| Due to related parties | | | |
| MetLife ALICO (Shareholder) | Property and equipment purchased on behalf of the Company | 10,809,086 | |
| | Pre-incorporation expenses paid on behalf of the Company and recharged to the Company | 7,514,895 | |
| | Expenses related to initial public offer paid on behalf of the Company and recharged to the Company | 61,168 | |
| | General and administrative expenses paid on behalf of the Company and recharged to the Company | 5,597,470 | |
| | Settlement of the balance due for the period from pre-incorporation to 31 December 2014 | (22,578,900) | 1,403,719 |
| | | - | - |

MetLife, American International Group and Arab National Bank Cooperative Insurance Company

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NOTES TO THE FINANCIAL STATEMENTS (continued)

At 31 December 2014

17. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

| Related party | Nature of transactions | Amount of transactions For the period from 29 August 2013 to 31 December 2014 SR | Balance 31 December 2014 SR |
|--|---|--|--------------------------------------|
| Arab National Bank ("ANB") (Shareholder) | Expenses related to initial public offer paid on behalf of the Company and recharged to the Company | 5,292,304 | |
| | Pre-incorporation expenses paid on behalf of the Company and recharged to the Company | 1,782,795 | |
| | General and administrative expenses paid on behalf of the Company and recharged to the Company | 266,001 | |
| | Settlement of the balance due for the period from pre-incorporation to 31 December 2014 | (7,341,100) | - |
| | | - | - |
| American International Group ("AIG") (Shareholder) | Pre-incorporation expenses paid on behalf of the Company and recharged to the Company | 1,694,730 | |
| | Property and equipment purchased on behalf of the Company | 1,020,692 | |
| | General and administrative expenses paid on behalf of the Company and recharged to the Company | 1,064,199 | |
| | Settlement of the balance due for the period from pre-incorporation to 31 December 2014 | (3,360,453) | 419,168 |
| | | - | - |
| | Total amounts due to related parties | | 1,822,887 |
| | | | - |
| Arab National Bank ("ANB") (Shareholder) | Deposits at an average commission rate of 0.71% per annum | *429,500,000 | 56,000,000 |
| | Special commission income earned from short-term deposits up to the date of incorporation. | 111,441 | - |
| | Special commission income on deposits | 554,561 | 95,871 |
| | | - | - |
| Key management personnel | Salaries and other benefits | 8,589,057 | - |
| | | - | - |
| Board of Directors and Executive Committees' fees | | 999,000 | 999,000 |
| | | - | - |

* Transactions under short-term deposits include the sum of all new short-term deposits (including renewals) placed with ANB during the period.

MetLife, American International Group and Arab National Bank Cooperative Insurance Company

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At 31 December 2014

18. ZAKAT AND INCOME TAX

18-1 Zakat charge for the period

The zakat provision is based on Saudi shareholders' share of capital of 48.02%:

| | For the period from 29 August 2013 to 31 December 2014 SR |
|---|--|
| Saudi shareholders' capital (48.02%) | 84,035,000 |
| Book value of long term assets | (20,317,535) |
| | - |
| | 63,717,465 |
| Adjusted net loss for the period | (18,818,376) |
| | - |
| Saudi shareholders' share of zakat base computed at 60% | 44,899,089 |
| | - |

The differences between the financial and the zakatable results are mainly due to provisions which are not allowed in the calculation of zakatable income.

18-2 Income tax charge for the period

There was no income tax charge relating to the non-Saudi shareholders for the period ended 31 December 2014 due to the net adjusted loss for the period.

18-3 Movement in the provision for zakat during the period

The movement in the provision for zakat for the period comprises of:

| | For the period from 29 August 2013 to 31 December 2014 SR |
|--------------------------------|--|
| Provided during the period | 1,242,671 |
| Payment made during the period | (1,242,671) |
| | - |
| Ending balance | - |
| | - |

18-4 Status of zakat and income tax assessments

Tax/zakat return of the company for the first 12 months ending 28 August 2014 has been filed within the stipulated deadline. The final tax/zakat certificate has been received which is valid till 28 December 2015.

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NOTES TO THE FINANCIAL STATEMENTS (continued)

At 31 December 2014

19. SHARE CAPITAL

The issued and paid up share capital of the Company is SR 175,000,000 divided into 17,500,000 shares of SR 10 each. The share capital is distributed as follows:

| Shareholders | Percentage | 31 December 2014 SR |
|-----------------------|------------|------------------------|
| Founding shareholders | 70% | 122,500,000 |
| General public | 30% | 52,500,000 |
| | | - |
| Share capital | | 175,000,000 |
| | | - |

Transaction costs of SR 9,396,940 incurred on initial public offer are accounted for as a deduction from equity to the extent they are incremental costs directly attributable to the initial public offer that otherwise would have been avoided.

20. GENERAL AND ADMINISTRATIVE EXPENSES

| | For the period from 29 August 2013 to 31 December 2014 SR | |
|---------------------------------------|---|--------------------------|
| | Insurance operations | Shareholders' operations |
| Employee costs | 8,973,632 | 4,676,671 |
| Legal and professional fees | 3,123,410 | 3,216,725 |
| Rent | 2,411,337 | 908,038 |
| Depreciation (Note 10) | 2,036,910 | 1,342,455 |
| Information technology expenses | 1,834,239 | 606,327 |
| Travel and lodging expenses | 885,910 | 683,278 |
| Provision for doubtful debts (Note 6) | 90,827 | - |
| Board expenses | - | 1,085,201 |
| Others | 937,885 | 323,892 |
| | - | - |
| | 20,294,150 | 12,842,587 |
| | - | - |

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NOTES TO THE FINANCIAL STATEMENTS (continued)

At 31 December 2014

21. PRE-INCORPORATION EXPENSES, NET

| | For the period from 18 January 2012 to 28 August 2013 SR |
|---|---|
| Professional services rendered by shareholders' employees | 3,564,937 |
| Depreciation (Note 10) | 1,636,415 |
| Legal and professional fees | 1,463,305 |
| Travel and lodging expenses | 1,238,208 |
| Information technology expenses | 1,179,675 |
| Rent | 661,759 |
| Employees' costs | 661,644 |
| Others | 1,041,118 |
| | - |
| Total pre-incorporation expenses incurred | 11,447,061 |
| Less: Special commission income earned from short-term deposits up to the date of the Ministerial Resolution (29 August 2013) | (111,441) |
| | - |
| Total pre-incorporation expenses, net | 11,335,620 |
| | - |

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22. RISK MANAGEMENT

22-1 Risk governance

The Company's risk governance is manifested in a set of established policies, procedures and controls which uses the existing organisational structure to meet strategic targets. The Company's philosophy revolves on willing and knowledgeable risk acceptance commensurate with the risk appetite and a strategic plan approved by the Board of Directors. The Company is exposed to commission rate, credit, and liquidity and currency risks.

22-1-1 Risk management structure

A cohesive organisational structure is established within the Company in order to identify, assess, monitor and control risks.

22-1-2 Board of directors

The apex of risk governance is the centralised oversight of the board of directors providing direction and the necessary approvals of strategies and policies in order to achieve defined corporate goals.

22-1-3 Senior management

Senior management is responsible for the day to day operations towards achieving the strategic goals within the Company's pre-defined risk appetite.

The risks faced by the Company and the way these risks are mitigated by management are summarised below.

22-2 Operational/process risk

Operational risk is the risk of loss arising from systems and control failures, fraud and human errors, which can result in financial and reputation loss, and legal and regulatory consequences. The Company manages operational risk through appropriate controls, instituting segregation of duties and internal checks and balances, including internal audit and compliance.

22-3 Insurance risk

Insurance risk is the risk that actual claims payable to contract holders in respect of insured events exceed expectations. This could occur because the frequency or amounts of claims are more than expected. Insurance risk is monitored regularly by the Company to make sure the levels are within the projected frequency bands. The Company underwrites mainly accident and liability, property, marine, engineering, energy, extended warranty and health insurance.

The insurance risks arising from the above insurance contracts are mainly concentrated in the Kingdom of Saudi Arabia.

22-3-1 Frequency and amounts of claims

The frequency and amounts of claims can be affected by several factors. The Company underwrites accident and liability, property, marine, engineering, energy, extended warranty and health insurance. These are regarded as short-term insurance contracts as claims are normally advised and settled within one year of the insured event taking place. This helps to mitigate insurance risk.

22-3-2 Accident and Liability

Public liability

For public liability insurance, main risks are legal liabilities of the insured towards third party death, bodily injury or property damage arising out of insured premises, business operations or projects handled by the insured. This insurance policy is underwritten based on the turnover of the Company or the value of the contract, nature / occupation of the premises, nature of contracts handled. The Company has reinsurance cover to limit the losses for any individual claim.

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At 31 December 2014

22. RISK MANAGEMENT (continued)

22-3-3 Marine

Marine cargo insurance is designed to compensate contract holders for damage and liability arising through loss or damage to marine craft and accidents at sea resulting in the total or partial loss of cargoes. For marine cargo insurance the main risks are loss or damage to marine craft and accidents resulting in the total or partial loss of cargoes.

22-3-4 Engineering

For engineering insurance, the main risks are loss or damage to the construction/erection works caused by fire, explosion, natural perils like flood, earthquake, hailstorm, etc. The Company has reinsurance cover for such risks to limit losses for any individual claim.

22-3-5 Health

The Company's underwriting strategy is designed to ensure that risks are well diversified in terms of type of risks and level of insured benefits. This is largely achieved through diversification across industry sectors and geography, the use of medical screening in order to ensure that pricing takes account of current health conditions and family medical history, regular review of actual claims experience and product pricing, as well as detailed claims handling procedures. The Company further enforces a policy of actively managing and promptly pursuing claims, in order to reduce its exposure to unpredictable future developments that can negatively impact the Company. The Company has reinsurance cover to limit the losses for any individual claim.

22-3-6 Property

These contracts are underwritten by reference to the replacement value of the properties and contents insured. The cost of rebuilding properties and obtaining replacement contents and the time taken to restart operations which leads to business interruptions are the main factors that influence the level of claims. The Company has reinsurance cover for such damage to limit losses for any individual claim.

22-4 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its commitments associated with financial liabilities when they fall due.

Liquidity requirements are monitored on a monthly basis and management ensures that sufficient liquid funds are available to meet any commitments as they arise.

All liabilities on the Company's statement of financial position, other than employees' terminal benefits, are contractually payable on a current basis.

22-4-1 Maturity profiles

The table below summarises the maturity profile of the assets and liabilities of the Company based on expected maturities:

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22. RISK MANAGEMENT (continued)

Maturity analysis on expected maturity bases

| | Current SR | Non-current SR | Total SR |
|---|--------------------|-------------------|--------------------|
| INSURANCE OPERATIONS' ASSETS | | | |
| Cash and cash equivalents | 2,238,414 | - | 2,238,414 |
| Premiums receivable, net | 3,421,552 | - | 3,421,552 |
| Reinsurers' commission receivable | 1,016,704 | - | 1,016,704 |
| Reinsurers' share of unearned premiums | 2,198,332 | 1,176,248 | 3,374,580 |
| Reinsurers' share of outstanding claims | 499,799 | - | 499,799 |
| Deferred policy acquisition costs | 343,462 | 126,226 | 469,688 |
| Prepaid expenses and other assets | 2,582,786 | 261,500 | 2,844,286 |
| Property and equipment, net | - | 8,054,849 | 8,054,849 |
| | - | - | - |
| TOTAL INSURANCE OPERATIONS' ASSETS | 12,301,049 | 9,618,823 | 21,919,872 |
| | - | - | - |
| SHAREHOLDERS' ASSETS | | | |
| Cash and cash equivalents | 11,157,980 | - | 11,157,980 |
| Due from insurance operations | 5,028,658 | - | 5,028,658 |
| Prepaid expenses and other assets | 113,623 | - | 113,623 |
| Time deposits | 85,000,000 | - | 85,000,000 |
| Available for sale investment | - | 3,175,163 | 3,175,163 |
| Statutory deposit | - | 17,500,000 | 17,500,000 |
| | - | - | - |
| TOTAL SHAREHOLDERS' ASSETS | 101,300,261 | 20,675,163 | 121,975,424 |
| | - | - | - |
| INSURANCE OPERATIONS' LIABILITIES | | | |
| Gross unearned premiums | 3,408,708 | 1,300,434 | 4,709,142 |
| Gross outstanding claims | 787,530 | - | 787,530 |
| Payables, accruals and others | 4,362,884 | - | 4,362,884 |
| Reinsurance balances payable | 3,944,417 | - | 3,944,417 |
| Unearned reinsurance commission income | 562,819 | 318,653 | 881,472 |
| Due to related parties | 1,822,887 | - | 1,822,887 |
| Due to shareholders' operations | 5,028,658 | - | 5,028,658 |
| Employees' terminal benefits | - | 382,882 | 382,882 |
| | - | - | - |
| | 19,917,903 | 2,001,969 | 21,919,872 |
| | - | - | - |
| SHAREHOLDERS' LIABILITIES | | | |
| Payables, accruals and others | 1,286,173 | - | 1,286,173 |
| | - | - | - |
| TOTAL SHAREHOLDERS' LIABILITIES | 1,286,173 | | 1,286,173 |
| | - | - | - |

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22. RISK MANAGEMENT (continued)

The table below summarizes the maturity profile of the financial assets and financial liabilities of the Company based on remaining expected obligations, including premiums receivable. For insurance contract liabilities and reinsurance assets, maturity profiles are determined based on the estimated timing of net cash outflows from the recognized insurance liabilities. Unearned premiums and the reinsurance share of unearned premiums have been excluded from the analysis as they are not contractual obligations. Repayments that are subject to notice are treated as if notice were to be given immediately.

| 31 December 2014 | No fixed maturity SR | Up to 1 year SR | More than 5 years SR | Total SR |
|---|----------------------|-----------------|----------------------|-------------|
| Insurance operations' assets | | | | |
| Cash and cash equivalents | - | 2,238,414 | - | 2,238,414 |
| Premiums receivable, net | - | 3,421,552 | - | 3,421,552 |
| Reinsurers' commission receivable | - | 1,016,704 | - | 1,016,704 |
| Reinsurers' share of outstanding claims | - | 499,799 | - | 499,799 |
| | - | - | - | - |
| | - | 7,176,469 | - | 7,176,469 |
| | - | - | - | - |
| Shareholders' assets | | | | |
| Cash and cash equivalents | - | 11,157,980 | - | 11,157,980 |
| Due from insurance operations | - | 5,028,658 | - | 5,028,658 |
| Time deposits | - | 85,000,000 | - | 85,000,000 |
| Available for sale investment | 3,175,163 | - | - | 3,175,163 |
| Statutory deposit | 17,500,000 | - | - | 17,500,000 |
| | - | - | - | - |
| | 20,675,163 | 101,186,638 | - | 121,861,801 |
| | - | - | - | - |

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NOTES TO THE FINANCIAL STATEMENTS (continued)

At 31 December 2014

22. RISK MANAGEMENT (continued)

| 31 December 2014 | No fixed maturity SR | Up to 1 year SR | More than 5 years SR | Total SR |
|-----------------------------------|----------------------|-----------------|----------------------|------------|
| Insurance operations' liabilities | | | | |
| Gross outstanding claims | - | 787,530 | - | 787,530 |
| Payables, accruals and others | - | 4,362,884 | - | 4,362,884 |
| Reinsurance balance payable | - | 3,944,417 | - | 3,944,417 |
| Due to related parties | - | 1,822,887 | - | 1,822,887 |
| Due to shareholders operations | - | 5,028,658 | - | 5,028,658 |
| Employees' terminal benefits | 382,882 | - | - | 382,882 |
| | - | - | - | - |
| | 382,882 | 15,946,376 | - | 16,329,258 |
| | - | - | - | - |
| Shareholders' liabilities | | | | |
| Payables, accruals and others | - | 1,286,173 | - | 1,286,173 |
| | - | - | - | - |
| | - | 1,286,173 | - | 1,286,173 |
| | - | - | - | - |

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NOTES TO THE FINANCIAL STATEMENTS (continued)

At 31 December 2014

22. RISK MANAGEMENT (continued)

22-5 d) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. For all classes of financial instruments held by the Company, the maximum credit risk exposure to the Company is the carrying value as disclosed in the statement of financial position.

The following policies and procedures are in place to mitigate the Company's exposure to credit risk:

- To minimize its exposure to significant losses from reinsurance insolvencies, the Company evaluates the financial condition of its reinsurance counterparties. Accordingly, as a pre-requisite, the parties with whom reinsurance is affected are required to have a minimum acceptable security rating level affirming their financial strength.
- The Company only enters into insurance and reinsurance contracts with recognized, creditworthy third parties. It is the Company's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivables from insurance and reinsurance contracts are monitored on an ongoing basis in order to reduce the Company's exposure to bad debts.
- The Company seeks to limit the credit risk with respect to agents and brokers by setting credit limits for individual agents and brokers and monitoring outstanding receivables.
- Premiums receivable are mainly receivable from individuals and corporate customers (unrated). The Company seeks to limit the credit risk with respect to individuals and corporate customers by setting credit limits and monitoring outstanding receivables.
- Cash and cash equivalents are maintained with local banks approved by management. Accordingly, as a pre-requisite, the banks with whom cash and cash equivalents are maintained are required to have a minimum acceptable security rating level affirming their financial strength.
- The Company's investments mainly comprise of time deposits with local commercial banks with investment grade credit rating. The Company does not have an internal grading mechanism for investments. The Company limits its credit risk on investments by setting out a maximum exposure limit for each bank based on its credit rating.

Premiums receivable comprise a large number of receivables from individual and corporate clients. The five largest premium receivable accounts constitute 62% of premiums receivable as at 31 December 2014.

The table below shows the maximum exposure to credit risk for the components of the statement of financial position:

| | 31 December 2014 SR | | |
|---|------------------------|--------------------------|-------------|
| | Insurance operations | Shareholders' operations | Total |
| Cash and cash equivalents | 2,238,414 | 11,157,980 | 13,396,394 |
| Premiums receivable, net | 3,421,552 | - | 3,421,552 |
| Reinsurers' commission receivable | 1,016,704 | - | 1,016,704 |
| Reinsurers' share of outstanding claims | 499,799 | - | 499,799 |
| Employee receivables | 1,202,398 | - | 1,202,398 |
| Time deposits | - | 85,000,000 | 85,000,000 |
| Available for sale investment | - | 3,175,163 | 3,175,163 |
| Statutory deposit | - | 17,500,000 | 17,500,000 |
| | - | - | - |
| | 8,378,867 | 116,833,143 | 125,212,010 |

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NOTES TO THE FINANCIAL STATEMENTS (continued)

At 31 December 2014

22. RISK MANAGEMENT (continued)

22-6 Special commission rate risk

Special commission rate risk arises from the possibility that changes in commission rates will affect future profitability or the fair values of financial instruments. The Company has no significant exposure to special commission rate risk.

The sensitivity of the income is the effect of the assumed changes in the special commission rates, with all other variable held constant, on the Company's income for one year, based on the floating rate financial assets held at 31 December 2014. As at period end, the Company did not have any floating rate financial instruments.

22-7 Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

Management believes that there is minimal risk of significant losses due to exchange rate fluctuation as the majority of monetary assets and liabilities are in currencies linked to the Saudi Riyal. In addition, as the Company's foreign currency transactions are primarily in US dollars which is pegged to the Saudi Riyal. Foreign exchange gains and losses are not significant and have not been disclosed separately.

22-8 Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Company's market risk exposure relates to its available for sale investments whose values will fluctuate as a result of changes in market prices

22-9 Capital management

Objectives are set by the Company to maintain healthy capital ratios in order to support its business objectives and maximise shareholders' value.

The Company manages its capital requirements by assessing shortfalls between reported and required capital levels on a regular basis. Adjustments to current capital levels are made in light of changes in market conditions and risk characteristics of the Company's activities. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders or issue shares.

In the opinion of the board of directors, the Company has fully complied with the externally imposed capital requirements during the reported financial period.

22-10 Regulatory framework risk

The operations of the Company are subject to local regulatory requirements in the Kingdom of Saudi Arabia. Such regulations not only prescribe approval and monitoring of activities but also impose certain restrictive provisions e.g. capital adequacy to minimise the risk of default and insolvency on the part of the insurance companies and to enable them to meet unforeseen liabilities as these arise.

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NOTES TO THE FINANCIAL STATEMENTS (continued)

At 31 December 2014

22. RISK MANAGEMENT (continued)

22-11 Fair values of financial instruments

Financial instruments consist of financial assets and financial liabilities.

Financial assets of the Company include cash and cash equivalents, receivables, investment and accrued income. Its financial liabilities consist of accrued expenses, other liabilities gross outstanding claims.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability, or
- in the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to by the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest..

The fair value of the Company's cash and cash equivalents, time deposits and accrued expenses and other payables are not materially different from their carrying values.

23. BASIC AND DILUTED LOSS PER SHARE

Basic and diluted loss per share for the period has been calculated by dividing the net loss before zakat for the period by the ordinary, issued and outstanding shares at the period end of 17.5 million shares.

24. OPERATING LEASE

The minimum future lease payment for the use of the Company's premises aggregates to SR 1,974,864 payable during 2015.

25. CONTINGENCIES

The Company operates in the insurance industry and is subject to legal proceedings in the normal course of business relating to policyholders' insurance claims. While it is not practicable to forecast or determine the final results of all pending or threatened legal proceedings, management does not believe that such proceedings (including litigation) will have a material effect on its performance and financial position.

26. SEGMENT INFORMATION

Consistent with the Company's internal reporting process, business segments have been approved by management in respect of the Company's activities, assets and liabilities as stated below. Segment results do not include general and administration expenses and other income.

Segment assets do not include property and equipment, prepayments and other assets, premiums receivable, reinsurances' balance receivables and cash and cash equivalents. Accordingly they are included in unallocated assets.

Segment liabilities do not include due to shareholders operations, employees' terminal benefits, reinsurers' balances payable, accrued expenses and other liabilities.

All unallocated assets and liabilities are reported to chief operating decision maker as unallocated assets and liabilities and are monitored on a centralized basis.

All of the Company's operating assets and principal activities are located in the Kingdom of Saudi Arabia.

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NOTES TO THE FINANCIAL STATEMENTS (continued)

At 31 December 2014

26. SEGMENT INFORMATION (continued)

26-1 Statement of insurance operations

| | For the period from 29 August 2013 to 31 December 2014 | | | | | |
|--|--|-------------|------------------|----------------------------|---------------------|--------------|
| | Accident and liability SR | Property SR | Engineer- ing SR | Other general insurance SR | Health insurance SR | Total SR |
| Gross written premiums | 2,343,127 | 719,460 | 316,350 | 1,387,934 | 974,267 | 5,741,138 |
| Reinsurance premiums ceded | (2,166,408) | (716,459) | (313,977) | (895,292) | (15,869) | (4,108,005) |
| | - | - | - | - | - | - |
| Net written premiums | 176,719 | 3,001 | 2,373 | 492,642 | 958,398 | 1,633,133 |
| Net changes in unearned premiums | (130,673) | (1,704) | (2,362) | (320,197) | (879,626) | (1,334,562) |
| | - | - | - | - | - | - |
| Net earned premiums | 46,046 | 1,297 | 11 | 172,445 | 78,772 | 298,571 |
| Reinsurance commission income | 123,061 | 47,887 | 439 | - | 652 | 172,039 |
| Other income, net | - | 500 | - | - | - | 500 |
| | - | - | - | - | - | - |
| Total underwriting revenue | 169,107 | 49,684 | 450 | 172,445 | 79,424 | 471,110 |
| | - | - | - | - | - | - |
| Changes in outstanding claims | (401,523) | (140,963) | (1,142) | (181,067) | (62,835) | (787,530) |
| Reinsurers' share of outstanding claims | 357,943 | 139,745 | 1,133 | - | 978 | 499,799 |
| | - | - | - | - | - | - |
| Net claims incurred | (43,580) | (1,218) | (9) | (181,067) | (61,857) | (287,731) |
| Policy acquisition costs | (73,841) | (28,031) | (228) | (34,489) | - | (136,589) |
| Inspection and supervisory fees | (11,716) | (3,597) | (1,582) | (6,940) | (14,614) | (38,449) |
| | - | - | - | - | - | - |
| Total underwriting expenses | (129,137) | (32,846) | (1,819) | (222,496) | (76,471) | (462,769) |
| | - | - | - | - | - | - |
| Underwriting result | 39,970 | 16,838 | (1,369) | (50,051) | 2,953 | 8,341 |
| | - | - | - | - | - | - |
| Unallocated expenses | | | | | | (20,294,150) |
| Net deficit for the period from insurance operations | | | | | | (20,285,809) |

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NOTES TO THE FINANCIAL STATEMENTS (continued)

At 31 December 2014

26. SEGMENT INFORMATION (continued)

26-2 Insurance operations' assets and liabilities

| | 31 December 2014 | | | | | |
|---|---------------------------|-------------|----------------|----------------------------|---------------------|------------|
| | Accident and liability SR | Property SR | Engineering SR | Other general insurance SR | Health insurance SR | Total SR |
| Insurance operations' assets | | | | | | |
| Premiums receivable, net | 1,337,213 | 174,915 | 281,350 | 871,305 | 756,769 | 3,421,552 |
| Reinsurers' commissions receivable | 577,490 | 146,921 | 91,053 | 193,303 | 7,937 | 1,016,704 |
| Reinsurers' share of outstanding claims | 357,943 | 139,745 | 1,133 | - | 978 | 499,799 |
| Reinsurers' share of unearned premiums | 1,679,857 | 529,882 | 312,466 | 837,810 | 14,565 | 3,374,580 |
| Deferred policy acquisition costs | 266,190 | 79,663 | 47,224 | 76,611 | - | 469,688 |
| | - | - | - | - | - | - |
| Allocated assets | 4,218,693 | 1,071,126 | 733,226 | 1,979,029 | 780,249 | 8,782,323 |
| | - | - | - | - | - | - |
| Unallocated assets | | | | | | 13,137,549 |
| | | | | | | - |
| Total insurance operations' assets | | | | | | 21,919,872 |
| | | | | | | - |
| Insurance operations' liabilities | | | | | | |
| Gross unearned premiums | 1,810,530 | 531,586 | 314,828 | 1,158,007 | 894,191 | 4,709,142 |
| Gross outstanding claims | 401,523 | 140,963 | 1,142 | 181,067 | 62,835 | 787,530 |
| Reinsurance balances payable | 2,166,408 | 552,871 | 313,977 | 895,292 | 15,869 | 3,944,417 |
| Unearned reinsurance commission income | 454,429 | 135,841 | 90,615 | 193,302 | 7,285 | 881,472 |
| | - | - | - | - | - | - |
| Allocated liabilities | 4,832,890 | 1,361,261 | 720,562 | 2,427,668 | 980,180 | 10,322,561 |
| | - | - | - | - | - | - |
| Unallocated liabilities | | | | | | 11,597,311 |
| | | | | | | - |
| Total insurance operations' liabilities | | | | | | 21,919,872 |
| | | | | | | - |

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NOTES TO THE FINANCIAL STATEMENTS (continued)

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27. STANDARDS ISSUED BUT NOT YET EFFECTIVE

The relevant standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective.

27-1 IFRS 9 Financial Instruments

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments which reflects all phases of the financial instruments project and replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. Early application of previous versions of IFRS 9 (2009, 2010 and 2013) is permitted if the date of initial application is before 1 February 2015. The adoption of IFRS 9 will have an effect on the classification and measurement of the Company's financial assets, but no impact on the classification and measurement of the Company's financial liabilities.

27-2 Amendments to IAS 19 Defined Benefit Plans: Employee Contributions

IAS 19 requires an entity to consider contributions from employees or third parties when accounting for defined benefit plans. Where the contributions are linked to service, they should be attributed to periods of service as a negative benefit. These amendments clarify that, if the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service. This amendment is effective for annual periods beginning on or after 1 July 2014. It is not expected that this amendment would be relevant to the Company, as the Company has no defined benefit plans with contributions from employees or third parties.

27-3 Annual improvements 2010-2012 Cycle

These improvements are effective from 1 July 2014 and are not expected to have a material impact on the Company. They include:

27-4 IFRS 8 Operating Segments

The amendment are applied retrospectively and clarifies that:

- An entity must disclose the judgements made by management in applying the aggregation criteria in paragraph 12 of IFRS 8, including a brief description of operating segments that have been aggregated and the economic characteristics (e.g., sales and gross margins) used to assess whether the segments are 'similar'
- The reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker, similar to the required disclosure for segment liabilities.

27-5 IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets

The amendment is applied retrospectively and clarifies in IAS 16 and IAS 38 that the asset may be revalued by reference to observable data on either the gross or the net carrying amount. In addition, the accumulated depreciation or amortisation is the difference between the gross and carrying amounts of the asset.

27-6 IAS 24 Related Party Disclosures

The amendment is applied retrospectively and clarifies that a management entity (an entity that provides key management personnel services) is a related party subject to the related party disclosures. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services.

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27. STANDARDS ISSUED BUT NOT YET EFFECTIVE (continued)

27-7 Annual improvements 2011-2013 Cycle

These improvements are effective from 1 July 2014 and are not expected to have a material impact on the Company. They include:

27-8 IFRS 13 Fair Value Measurement

The amendment is applied prospectively and clarifies that the portfolio exception in IFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of IFRS 9 (or IAS 39, as applicable).

27-9 Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation

The amendments clarify the principle in IAS 16 and IAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets. The amendments are effective prospectively for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments are not expected to have any impact to the Company given that the Company has not used a revenue-based method to depreciate its non-current assets.

28. APPROVAL OF THE FINANCIAL STATEMENTS

