



Board of Directors' Circular AlAhli Takaful Company

This Circular of the Board of Directors of AlAhli Takaful Company ("AlAhli Takaful") is addressed to the shareholders of AlAhli Takaful regarding the Offer made by the Arabian Shield Cooperative Insurance Company ("Arabian Shield Insurance" or "Arabian Shield") to the shareholders of AlAhli Takaful for the purpose of merging AlAhli Takaful into the Arabian Shield Insurance, in return for the Arabian Shield Insurance issuing (23,852,462) ordinary shares at a nominal value of (10) ten Riyal per share for the benefit of AlAhli Takaful shareholders in the Arabian Insurance Shield ("Consideration Shares") in accordance with the provisions of Articles (191) to (193) of the Companies Law and the provisions of subparagraph (1) of Article (49) of the Merger and Acquisition Regulations ("Circular").

This Circular includes the opinion of the Board of Directors of AlAhli Takaful regarding the Offer submitted to the shareholders of AlAhli Takaful for the purpose of merging AlAhli Takaful into the Arabian Shield Insurance Company and the plans of the Arabian Shield Insurance for AlAhli Takaful and its employees, as well as the independent financial advice provided to the Board of Directors of AlAhli Takaful that was provided by Falcom Finance Services, who was appointed as a financial advisor to AlAhli Takaful to obtain independent and competent advice regarding the Offer submitted by the Arabian Shield Insurance Company to AlAhli Takaful shareholders in accordance with the requirements of Article (18) of the Merger and Acquisition Regulations. Therefore, this Circular should be read and all of its sections entirely and carefully before taking any decision on the proposed Merger Transaction. In the event of any doubt regarding the actions to be taken, we recommend that the concerned shareholder obtain independent financial advice by an independent financial advisor licensed by the Saudi Capital Market Authority (the "Authority").

Financial Advisor



"The Capital Market Authority and the Saudi Stock Exchange (Tadawul) assume no responsibility for the contents of this Offer Document. They do not make any representation as to its accuracy or completeness, and expressly disclaim any liability whatsoever for any loss arising from what is stated in this Circular or from reliance on any Part of it".

(This Circular Was issued on 05/04/1443G (corresponding to 10/11/2021))



شركة الأهلي للتكافل
ALAHLI TAKAFUL COMPANY

Board of Directors' Circular

AlAhli Takaful Company

(Commercial Registration: 14030171573)

Jeddah - Khalidiya Business Center - Prince Sultan Street

P.O. Box: 48510 Jeddah 21582

Date 05/04/1443H. (corresponding to 10/11/2021G)

Board of Directors	
Name	Position
Omar Mohammed Hashem	Chairman of the Board
Saleh Ahmed Hefni	Deputy Chairman of the Board of Directors
Tariq Hussein Linjawi	Board Member
Jamal Jamil Malaikah	Board Member
Khaled Mohammed Bashnini	Board Member
Wolfgang Gemuend	Board Member
Mohammed Faraj Al-Kinani	Board Member

To all AlAhli Takaful Shareholders

Subject: Merger of AlAhli Takaful Company and Arabian Shield Insurance Company

This Circular is addressed to the shareholders of AlAhli Takaful (AlAhli Takaful) regarding the Offer made by the Arabia Shield Insurance Company (Arabian Shield) to the shareholders of AlAhli Takaful for the purpose of merging AlAhli Takaful into the Arabian Shield Insurance in return for issuing Consideration Shares to them in accordance with the provisions of Articles (191) to (193) of the Companies Law and the provisions of subparagraph (1) of Article (49) of the Merger and Acquisition Regulations ("Circular").

This Circular is important and requires your immediate attention.

This Circular includes the opinion of the Board of Directors of AlAhli Takaful regarding the Offer submitted to the shareholders of AlAhli Takaful for the purpose of merging AlAhli Takaful into the Arabian Shield Insurance Company and the plans of the Arabian Shield for AlAhli Takaful and its employees, as well as the independent financial advice provided to the Board of Directors of AlAhli Takaful that was provided by Falcom Financial Services Company, who was appointed as a Financial Advisor to AlAhli Takaful to obtain independent and specialized advice regarding the Offer submitted by the Arabian Shield Insurance Company to AlAhli Takaful shareholders in accordance with the requirements of Article (18) of the Merger and Acquisition Regulations. Therefore, this Circular should be read in its entirety and all its sections should be carefully reviewed before making any decision regarding the proposed Merger Transaction. In the event of any doubt regarding the actions to be taken, we recommend that the concerned shareholder obtain independent financial advice by an independent financial advisor licensed by the Saudi Capital Market Authority (the "Authority"). On 02/12/1442H (corresponding to 12/07/2021G), Arabian Shield Insurance entered into a Merger Agreement (the Merger Agreement) with AlAhli Takaful Company for the purpose of merging AlAhli Takaful Company into the Arabian Shield Insurance Company and transferring its assets and liabilities to Arabian Shield Insurance Company (Merger Transaction) in return for the Arabian Shield Insurance Company issuing (23,852,462) ordinary shares at a nominal value of ten (10) Saudi Riyals per share in favor of AlAhli Takaful shareholders ("the Consideration Shares") by increasing the capital of the Arabian Shield Insurance Company. The Merger Transaction is subject to specific conditions stipulated in the Merger Agreement summarized in Section 8.1 of this Circular. This Circular has been prepared in response to the Offer Document related to the Merger Transaction issued by the Arabian Shield Company on the date of this Circular. and the completion of the Merger Transaction would lead to an increase in the capital of the Arabian Shield Insurance and the issuance of Consideration Shares (which will be listed on Tadawul) to the shareholders of AlAhli Takaful Company on the following basis:

The Arabian Shield Company will issue (23,852,462) ordinary shares at a nominal value of ten (10) Riyals per share as Consideration Shares in exchange for merging AlAhli Takaful Company and transferring all its assets and liabilities to

the Arabian Shield Company, and accordingly (1.43114769137705) shares will be issued in the Arabian Shield Insurance Company in exchange for Each (1) share owned in AlAhli Takaful Company (the “Swap Ratio” or “Exchange Ratio”).

In the event that the process of calculating the number of shares owed to any of AlAhli Takaful Company shareholders based on the Swap Ratio results in fractional shares, the resulting number will be rounded to the lowest whole number. For example, if a shareholder of AlAhli Takaful Company owns (50) shares in AlAhli Takaful Company, then on the effective date (71) Consideration Shares will be allocated to him, not (72) shares. The fractional shares will not be issued or allocated to the shareholders of AlAhli Takaful Company, but will be issued, aggregated and sold in Tadawul according to the share price of the Merged Company prevailing in the market according to the price on the trading day and then, the cash proceeds resulting from the sale of fractional shares will be distributed (after deducting all expenses and commissions resulting from the sale process) and they will be distributed to the beneficiaries, each according to what he is entitled to, within a maximum period of (30) days from the date of completing the merger transaction.. The costs related to the sale of the fractional shares will be deducted from the total proceeds from the sale of the fractional shares. The Consideration Shares will be of the same class as the shares of the Arabian Shield Company and will have the same rights attached to the shares of the Arabian Shield Company, and the holder of the Consideration Shares will be entitled to receive dividends after the effective date .

It should be clarified that the completion of the Merger Transaction is conditional on obtaining approval of the Extraordinary General Assembly of the Arabian Shield Company for the Merger and obtaining approval of the Extraordinary General Assembly of AlAhli Takaful Company for the Merger Transaction. For more details about the Extraordinary General Assembly of AlAhli Takaful, please see the section (10.2.2) of this Circular. In addition to the foregoing, in the event that the decisions of the Merger Transaction are approved by the shareholders of the Arabian Shield Company and the shareholders of AlAhli Takaful Company, who represent the required number to be represented in the extraordinary meeting of each company (a number that is not less than three-quarters of the shares represented at the meeting, with the exception of the shares owned by AlAhli Takaful Company shareholders who are not entitled to vote on the Merger decisions). If all other conditions of the Merger Transaction are met (including the requirement related to the Creditors Objection Period), then AlAhli Takaful Company will lapse and all of its shares will be canceled and all its assets and liabilities will be transferred to the Merged Company. Upon completion of the Merger Transaction, all shareholders of AlAhli Takaful Company (including shareholders who voted “no” or did not participate in the voting) will receive the Consideration Shares in the Merged Company in accordance with the terms of the Merger Agreement.

In the event that the Offer is accepted by the shareholders of AlAhli Takaful, the Merger decision shall be effective after the lapse of (30) days from the announcement date of the Merger decision, and the creditors of AlAhli Takaful Company during the mentioned period may object to the Merger by registered letter to AlAhli Takaful Company. In this case, the Merger shall be suspended until the creditor relinquishes his objection, or the Arabian Shield Company pays the debt if it is immediate, or provides a sufficient guarantee to fulfill it if it is deferred. The shareholders of AlAhli Takaful Company will get their percentage (37.36%) of the capital of the Merged Company, and the owners of the Consideration Shares will have the right to receive the dividends announced by the Merged Company. The merger will also result in a number of changes in the formation of the Board of Directors of the Merged Company, as of the effective date. For more details about the terms of the Merger Agreement, please see Section (8) of this Circular.

The Arabian Shield Company has submitted a request to the Capital Market Authority to increase its capital for the purpose of merging AlAhli Takaful Company into the Arabian Shield Company, requesting approval to publish the Offer Document directed to the shareholders of AlAhli Takaful Company, and submitting an application to the Saudi Stock Exchange Company (“Tadawul”) to accept the listing of the Consideration Shares. All the requirements required by the Capital Market Authority have also been met, taking into account obtaining approval of the Capital Market Authority to hold the Extraordinary General Assembly of the Arabian Shield Company for the Merger Transaction and the Extraordinary General Assembly of AlAhli Takaful Company for the Merger Transaction, all the regulatory approvals relating to the Merger Transaction and the capital increase of the Arabian Shield Company have been obtained..

The members of the Board of Directors of AlAhli Takaful Company jointly and severally accept full responsibility for the accuracy of information contained in this Circular, with the exception of: (1) the Financial Advisor Fairness Opinion contained in Appendix (1) of this Circular, which was prepared by Facom Financial Services (the Financial Advisor to AlAhli Takaful Company) and submitted to the Board of Directors of AlAhli Takaful (where the responsibility of the Board of Directors of AlAhli Takaful Company is limited to ensuring that such advice is appropriately included in this Circular); and (ii) information relating to Arabian Shield. according to the information available to the members of the Board of Directors of AlAhli Takaful Company (who have taken all reasonable care to ensure that), the information contained in this Circular which they accept their responsibility is consistent with the facts and does not omit anything that is likely to affect the content of this information).

This Circular was published at the same time as the publication of the Offer Document issued by Arabian Shield in connection with the Merger Transaction. The Offer Document includes information related to Arabian Shield and the Merger Transaction. This Circular includes references to certain sections of the Offer Document to assist AlAhli Takaful Company shareholders in locating this information within the Offer Document. Such references should not be interpreted as that the members of the Board of Directors of AlAhli Takaful Company bear, whether jointly or severally, any

responsibility towards the shareholders of AlAhli Takaful Company in relation to the information contained in the Offer Document, and accordingly, the members of the Board of Directors of AlAhli Takaful Company do not provide any assurances or representations, express or implied, with respect to the correctness and completeness of the information contained in the Offer Document, other than that information contained in the Offer Document of AlAhli Takaful Company.

The members of the Board of Directors of AlAhli Takaful Company consider that the Merger Transaction is fair and reasonable, after taking the necessary due diligence with the assistance of their advisors, and after taking into account the market situation at the date of publishing this Circular, the future growth opportunities of the Merged Company, the expected benefits from the Merger Transaction and the independent financial advice provided by Falcom Financial Services on 02/12/1442H (corresponding to 12/07/2021G) to the Board of Directors of AlAhli Takaful Company (a copy of the Financial Advisor Fairness Opinion is attached in Appendix (1) of this Circular) to the effect that on the date of providing that advice and in accordance with the factors and assumptions indicated therein, the Swap Ratio agreed upon under the Merger Agreement is financially fair for the shareholders of AlAhli Takaful Company and until the date of this Circular, AlAhli Takaful Company has not received any alternative Offer.

The members of the Board of Directors of AlAhli Takaful Company also believe that the Merger Transaction is in the interest of AlAhli Takaful Company and its shareholders, and therefore they unanimously recommend to the shareholders of AlAhli Takaful Company to approve the Merger Transaction. In making this recommendation, the Board of Directors of AlAhli Takaful Company took into account the outside advice they had received on legal, financial, accounting, strategic and other matters related to the transaction.

It should be noted that the members of the Board of Directors of AlAhli Takaful Company did not take into account the individual investment objectives, the financial situation, the Zakat and tax situation, or the circumstances specific to each shareholder due to the different circumstances, conditions and objectives of each of them. Accordingly, the members of the Board of Directors stress the need for each shareholder of AlAhli Takaful Company to obtain independent professional advice from a financial advisor licensed by the Capital Market Authority regarding the Merger Transaction, and he must rely on his own review of the Merger Transaction to ensure the suitability of the Merger Transaction and the information received in this Circular, the investment objectives and financial conditions of each shareholder.

It is also worth noting that all members of the Board of Directors of AlAhli Takaful Company (who own shares in AlAhli Takaful Company) will vote to approve the Merger Transaction in the Extraordinary General Assembly.

Definitions and abbreviations used in this Circular have the meanings specified in the Definitions and Terms section of Section (1) "Definitions and Terms". References to times and dates in this Circular shall be references to Riyadh time and the Gregorian calendar, unless otherwise stated.

AlAhli Takaful Company has appointed Falcom Financial Services as a financial advisor in relation to the Merger Transaction.

**Financial Advisor
Falcom Financial Services Company**



The Capital Market Authority and the Saudi Stock Exchange (Tadawul) assume no responsibility for the contents of this Circular, and make no representation as to its accuracy or completeness, and expressly disclaim any liability whatsoever for any loss resulting from what is stated in this Circular or from reliance on any Part of it. This Circular is dated 05/04/1443H (corresponding to 10/11/2021G).

Important Notice

This Board Circular has been prepared by AlAhli Takaful Company in accordance with the requirements of the Merger and Acquisition Regulations issued by the Board of the Capital Market Authority pursuant to Resolution No. 1-50-2007 dated 21/09/1428H (corresponding to 03/10/2007G) based on the Capital Market Law issued By Royal Decree No. M/30 dated 02/06/1424H (corresponding to 31/07/200G), as amended by Capital Market Authority Board Resolution No. 3-45-2018, dated 07/08/1439H corresponding to 23/04/2018G, based on the Capital Market Law issued by Royal Decree No. M/30 dated 02/06/1424H and the Companies Law issued by Royal Decree No. M/3 dated 28/01/1437H; in order to provide information to the shareholders of AlAhli Takaful Company regarding the offer of the Arabian Shield Insurance Company to merge with AlAhli Takaful Company, where all the assets and obligations of AlAhli Takaful Company will be transferred to the Arabian Shield Insurance Company in return for issuing Consideration Shares. The vote of AlAhli Takaful Company shareholders on the Merger Transaction will be considered that it is based on the information contained in this Circular

The data contained in this Circular was prepared on the date of this Circular (unless a text states otherwise), and the publication of this Circular should not be construed as having not changed the information and matters relating to the Arabian Shield Insurance Company or AlAhli Takaful Company since that date. This Circular does not contain any text that can be considered as a forecast, planning or estimate of the future financial performance of the Merged Company. nor may any expressions contained in this Circular be interpreted to mean that the earning per share of the Merged Company will be equal to or greater than the profitability of the Arabian Shield Company in the previous financial periods.

It should also be noted that no person has been authorized to provide any information or statements on behalf of the Board of Directors of AlAhli Takaful Company, except for what is described in this Circular, and therefore, it should not be relied on any information or statements issued by other parties, as they are issued by AlAhli Takaful Company or Falcom Financial Services Company or any of the advisors of AlAhli Takaful Company in connection with the Merger Transaction.

The contents of AlAhli Takaful Company's website, or the contents of any other website on which this Circular is published, does not form part of or supplement to this Circular, and none of its advisors assumes any responsibility for the contents of these websites.

AlAhli Takaful Company has appointed Falcom Financial Services Company "Falcom Financial" as its financial advisor in relation to the Merger Transaction. Falcom Financial operates in accordance with the laws and regulations in force in the Kingdom of Saudi Arabia and holds the necessary license for this from the Capital Market Authority and works for AlAhli Takaful Company exclusively as an independent financial advisor to it in this Transaction and does not work for any other party in connection with the Transaction. Falcom Financial will not provide advice related to the transaction, or make any other order or arrangement referred to in this Circular to any party other than AlAhli Takaful Company.

Forecasts and Forward-looking Statements

This Circular, including the information provided therein, contains “forward-looking statements” relating to the Merged Company. generally, words such as “will,” “may,” “must,” “continue,” “believe,” “expect”, “intend to”, “anticipated”, or any similar expressions that refer to the future and represent forward-looking statements. Forward-looking statements involve risks and uncertainties that may cause actual results to differ materially from future statements and expectations. Many of these risks and uncertainties relate to factors and circumstances outside the control of the company concerned, or its ability to make accurate estimates such as future market conditions and the behavior of other market participants. Accordingly, it is not permissible to rely entirely on statements and forward-looking expectations. Neither ALAhli Takaful Company nor any other party to the Transaction or their advisors assume any responsibility regarding forward-looking statements and expectations, and none of the above intends to update these statements and prospective expectations except as required by law.

It should be noted that these forward-looking statements include risks that may or may not be apparent, and other factors that may cause actual results, performance, strategy, or events to differ materially from those expressed or implied in these statements. The risks related to forward-looking statements are outside the control of ALAhli Takaful Company, such as future market conditions and the behavior of other market participants, and therefore cannot be accurately estimated. Hence, these statements should not be completely relied upon. These forward-looking statements are not considered a guarantee of the actual future performance of the Arabian Shield Insurance Company and have not been reviewed by the accountants of the Arabian Shield Insurance Company except in the cases referred to exclusively in this Circular. These forward-looking statements are based on several assumptions, including assumptions related to the current and future business strategies of the Arabian Shield Insurance Company and the regulatory environment within which the Arabian Shield Insurance Company will conduct its business in the future. We would like to clarify that all forward-looking statements, both oral and written, issued by Arabian Shield Insurance Company or any persons acting on its behalf are expressly restricted in their entirety by the important notice contained in this section.

Risks referred to above include, but are not limited to:

- Any of the forward-looking estimates shown in this Circular, which are only preliminary estimates issued by the Board of Directors of ALAhli Takaful Company and have not been subject to any independent examination process and can be modified after conducting a more detailed study;
- Economic and financial market conditions in the Kingdom of Saudi Arabia, in general;
- Ability of the two companies to conduct their business by obtaining the necessary approvals from the regulatory authorities;
- Ability of the Merged Company to achieve growth in its business and to manage this growth;
- Ability of the Merged Company to obtain financing or maintain sufficient capital to finance its current and future operations;
- Changes in the regulatory, legal or economic conditions in the markets in which the Merged Company operates;
- Changes in the competitive environment in the sectors in which the Merged Company operates;
- Non-compliance with the regulations applicable to the Merged Company's activity.

For more information related to the risk factors, please refer to the section (“Risk Factors”) in the Offer Document prepared by Arabian Shield Company and addressed to the shareholders of ALAhli Takaful Company regarding the Merger Transaction in accordance with Article (38) of the Merger and Acquisition Regulations.

Publication, distribution, acceptance and transmission restrictions

This Circular is directed to the shareholders of AlAhli Takaful Company, taking into account any restrictions in the laws and regulations in force in the Kingdom of Saudi Arabia.

Notice to AlAhli Takaful Company shareholders residing outside the Kingdom

Although all AlAhli Takaful Company shareholders are entitled to attend the Extraordinary General Assembly of the company pertaining to the Merger Transaction and vote on its resolutions, AlAhli Takaful Company shareholders residing outside the Kingdom of Saudi Arabia must bear in mind that this Circular has not been submitted or registered with any regulatory authority outside the Kingdom of Saudi Arabia. Kingdom Saudi Arabia. Accordingly, in the event that any of the shareholders of AlAhli Takaful Company resides in any country whose regulations require that AlAhli Takaful Company take specific legal steps so that the shareholder can vote on the Merger decisions in a legal manner, the concerned shareholder must not participate in voting on the proposed decisions in the Assembly The Extraordinary General Assembly of AlAhli Takaful Company for the Merger Transaction, and in the event that the concerned shareholder voted on the Merger decisions in spite of this, AlAhli Takaful Company, in agreement with the Arabian Shield Insurance Company, has the right not to continue the Merger Transaction unless the Merger Transaction has been approved by the required majority of shareholders of AlAhli Takaful Company without counting the votes of the concerned shareholder.

Company Directory and Advisors

AlAhli Takaful Company

AlAhli Takaful Company

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Financial Adviser to AlAhli Takaful Company

Falcom Financial Services Company

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Legal Advisor to AlAhli Takaful Company

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Financial, Actuarial, Zakat and Tax Due Diligence Advisor for AlAhli Takaful Company

Deloitte Financial Advisory Services Ltd

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Embedded Value of the Protection and Saving Portfolio Advisor

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Notice:

All the consultants named above have given their written consent to include their names, logos and statements in the form and content contained in this Circular, and none of them has withdrawn this consent until the date of this Circular. None of the advisors or their employees or any of their relatives own any shares or interest of any kind in the Company as on the date of this Circular

Important dates and milestones for the Merger Transaction

The expected timetable for the Merger process between Arabian Shield Insurance Company and AlAhli Takaful Company

The dates shown in the table below are the final dates. They may change as they depend on several matters, including the completion of the quorum necessary to hold the first meeting of the Extraordinary General Assembly of the AlAhli Takaful Company. AlAhli Takaful Company will announce on its website and/or on Tadawul's website any changes to the dates mentioned in the timeline shown below

Event	Timeline/Dates	T+
1) Procedures related to the Extraordinary General Assembly		
Submit the final Offer Document to the Capital Market Authority for approval of its publication	19/12/1442H (Corresponding to 29/07/2021G)	NA
Capital Market Authority's approval on the request of capital increase and publishing the Offer Document.	05/04/1443H (corresponding to 10/11/2021G)	T
Publishing the Shareholders Circular of the Shield Insurance Company and the Offer Document addressed to the shareholders of AlAhli Takaful Company.	10/04/1443H (corresponding to 15/11/2021G)	T+3
Publishing the Board Circular of AlAhli Takaful Board of Directors	10/04/1443H (corresponding to 15/11/2021G)	T+3
Provide the documents available for inspection.	Will be available at least 14 working days before the date of the Extraordinary General Assembly, from 10/04/1443H (corresponding to 15/11/2021G) until the end of the Offering Period (from Sunday to Thursday, from nine in the morning until five in the evening, except for official holidays in the Kingdom)	T+3
Approval of the Capital Market Authority to hold the Extraordinary General Assembly of Shield Insurance Company for the Merger Transaction, and the Extraordinary General Assembly of AlAhli Takaful Company for the Merger Transaction.	10/04/1443H (corresponding to 15/11/2021G)	T+3
Announcing on the Tadawul website about the invitation of the Extraordinary General Assembly of the Shield Insurance Company for the Merger Transaction (with an indication of the possibility of	13/04/1443H (corresponding to 18/11/2021G)	T+6

Event	Timeline/Dates	T+
holding a second meeting one hour after the end of the period specified for convening the first meeting, in case the quorum required for holding the first meeting is not complete).		
Announcing on the Tadawul website about the invitation of the Extraordinary General Assembly of AlAhli Takaful Company for the Merger Transaction (with an indication of the possibility of holding a second meeting one hour after the end of the period specified for convening the first meeting, in case the quorum required to hold the first meeting is not complete).	13/04/1443H (corresponding to (18/11/2021G)	T+6
The start of the electronic voting period for the shareholders in the Extraordinary General Assembly of the Shield Insurance Company.	Starting from 02/05/1443H (corresponding to (06/12/2021G) until the end of the EGM time	T+25
The start of the electronic voting period for shareholders in the Extraordinary General Assembly of AlAhli Takaful Company.	Starting from 02/05/1443H (corresponding to (06/12/2021G) until the end of the EGM time	T+25
Holding the Extraordinary General Assembly of the Shield Insurance Company for the Merger Transaction (first meeting). The quorum of the assembly is complete in the presence of a number of shareholders representing at least half of the capital of the Shield Insurance Company.	05/05/1443H (corresponding to (09/12/2021G)	T+28
Holding the Extraordinary General Assembly of the Shield Insurance Company for the Merger Transaction (the second meeting) in the event that the quorum required for the first meeting is not complete. The quorum for the second meeting is complete in the presence of a number of shareholders representing at least a quarter of the capital of the Shield Insurance Company.	One hour after the expiry of the period specified for convening the first Extraordinary General Assembly meeting in which the quorum required for its convening has not been reached.	T+28

Event	Timeline/Dates	T+
Holding the Extraordinary General Assembly of AlAhli Takaful Company for the Merger Transaction (first meeting). The quorum of the assembly is complete in the presence of a number of shareholders representing at least half of the capital of AlAhli Takaful Company.	05/05/1443H (corresponding to 09/12/2021G)	T+28
Holding the Extraordinary General Assembly of AlAhli Takaful Company for the Merger Transaction (the second meeting) in the event that the necessary quorum for the first meeting is not complete. The quorum for the second meeting is complete in the presence of a number of shareholders representing at least a quarter of the capital of AlAhli Takaful Company.	One hour after the expiry of the period specified for convening the first Extraordinary General Assembly meeting in which the quorum required for its convening has not been reached.	T+28
Publishing the Merger decision and other decisions taken at the first meeting or the second meeting of the Extraordinary General Assembly of the Shield Insurance Company regarding the Merger Transaction on Tadawul website (or announcing that the Extraordinary General Assembly will not be held if its quorum is not achieved).	08/05/1443H (corresponding to 12/12/2021G)	T+29
Publishing the Merger decision and other decisions taken at the first meeting or the second meeting of the Extraordinary General Assembly of AlAhli Takaful Company regarding the Merger Transaction on Tadawul website (or announcing that the Extraordinary General Assembly will not be held in case the quorum is not achieved).	08/05/1443H (corresponding to 12/12/2021G)	T+29
2) Procedures in case the quorum is not achieved at the first and second meeting of both Company's EGM		
Approval of the Capital Market Authority to call for the third Extraordinary General Meeting of Shield Insurance Company for the Merger Transaction and/or	15/05/1443H (corresponding to 19/12/2021G)	T+34

Event	Timeline/Dates	T+
approval of the Capital Market Authority to call for holding the third Extraordinary General Meeting of AlAhli Takaful Company for the Merger Transaction.		
Announcing on Tadawul website the invitation for the third Extraordinary General Meeting of Shield Insurance Company for the Merger Transaction and/or announcing on the Tadawul website the invitation to the third Extraordinary General Meeting of AlAhli Takaful Company for the Merger Transaction.	16/05/1443H (corresponding to (20/12/2021G)	T+35
The start of electronic voting period for the shareholders at the third Extraordinary General Meeting of Shield Insurance Company and/or the start of the electronic voting period for the shareholders at the third Extraordinary General Meeting of AlAhli Takaful Company.	Starting from 04/06/1443H (corresponding to (07/01/2022G) until the end of the time of the Extraordinary General Assembly	T+54
Holding the third Extraordinary General Meeting of Shield Insurance Company for the Merger Transaction and/or the third Extraordinary General Meeting of AlAhli Takaful Company relating to the Merger Transaction. The quorum is achieved for the third meeting of the Extraordinary General Assembly, regardless of the number of shares represented therein.	07/06/1443H (corresponding to (10/01/2022G)	T+57
Posted on the Tadawul website the Merger decision and other decisions taken at the third Extraordinary General Meeting of Shield Insurance Company and/or AlAhli Takaful Company (as the case may be).	08/06/1443H (corresponding to (11/01/2022G)	T+58
3) Creditors' Objection Period		
Beginning of the Creditors' Objection Period.	<ul style="list-style-type: none"> 08/05/1443H (corresponding to (12/12/2021G) in the event of a decision approving the Merger Transaction during the first or second Extraordinary General Assembly 	T+29 T+58

Event	Timeline/Dates	T+
	<p>meeting of Shield Insurance Company and AlAhli Takaful Company.</p> <ul style="list-style-type: none"> 08/06/1443H (corresponding to (11/01/2022G) in the event of a decision approving the Merger Transaction during the third Extraordinary General Assembly meeting of Shield Insurance Company and AlAhli Takaful Company. <p>The Creditors' Objection Period lasts for a period of (30) days.</p>	
Reminder announcement from AlAhli Takaful Company about the end of the Creditors' Objection Period	<ul style="list-style-type: none"> 06/06/1443H (corresponding to (09/01/2022G) in the event of a decision approving the Merger Transaction during the first or second Extraordinary General Assembly meeting of Shield Insurance Company and AlAhli Takaful Company. 07/07/1443H (corresponding to (08/02/2022G) in the event of a decision approving the Merger Transaction during the third Extraordinary General Assembly meeting of Shield Insurance Company and AlAhli Takaful Company. 	T+56 T+85
Expiry of the Creditors' Objection Period.	<ul style="list-style-type: none"> By the end of 08/06/1443H (corresponding to (11/01/2022G) in the event of a decision approving the Merger Transaction during the first or second Extraordinary General Assembly meeting of Shield Insurance Company and AlAhli Takaful Company. By the end of 12/07/1443H (corresponding to (13/02/2022G) in the event of a decision approving the Merger Transaction during the third Extraordinary General Assembly meeting of Shield Insurance Company and AlAhli Takaful Company. 	T+59 T+88
AlAhli Takaful Company announces the presence or absence of objections of creditors.	<ul style="list-style-type: none"> 09/06/1443H (corresponding to (12/01/2022G) in the event of a decision approving the Merger Transaction during the first or second Extraordinary General Assembly meeting of Shield Insurance Company and AlAhli Takaful Company. 12/07/1443H (corresponding to (13/02/2022G) in the event of a decision 	T+62 T+91

Event	Timeline/Dates	T+
	approving the Merger Transaction during the third Extraordinary General Assembly meeting of Shield Insurance Company and AlAhli Takaful Company.	
4) Completion of the Merger Transaction		
Enforcement of the Merger decision.	<p>After the end of the Creditors' Objection Period or the date on which all creditors' objections to the Merger Transaction are settled (whichever comes later).</p> <ul style="list-style-type: none"> • 09/06/1443H (corresponding to (12/01/2022G) in the event of a decision approving the Merger Transaction during the first or second Extraordinary General Assembly meeting of Shield Insurance Company and AlAhli Takaful Company. • 12/07/1443H (corresponding to (13/02/2022G) in the event of a decision approving the Merger Transaction during the third Extraordinary General Assembly meeting of Shield Insurance Company and AlAhli Takaful Company. 	<p>T+62 T+91</p>
Suspension of trading the shares of AlAhli Takaful Company.	<p>The first trading period after the entry into force of the Merger decision, and it is expected that this will take place on:</p> <ul style="list-style-type: none"> • 09/06/1443H (corresponding to (12/01/2022G) in the event of a decision approving the Merger Transaction during the first or second Extraordinary General Assembly meeting of Shield Insurance Company and AlAhli Takaful Company. • 12/07/1443H (corresponding to (13/02/2022G) in the event of a decision approving the Merger Transaction during the third Extraordinary General Assembly meeting of Shield Insurance Company and AlAhli Takaful Company. 	<p>T+62 T+91</p>
Shield Insurance Company and AlAhli Takaful Company announced the effectiveness of the Merger.	<ul style="list-style-type: none"> • 09/06/1443H (corresponding to (12/01/2022G) in the event of a decision approving the Merger Transaction during the first or second Extraordinary General Assembly meeting of Al- Shield Insurance Company and AlAhli Takaful Company. • 12/07/1443H (corresponding to (13/02/2022G) in the event of a decision approving the Merger Transaction 	<p>T+62 T+91</p>

Event	Timeline/Dates	T+
	during the third Extraordinary General Assembly meeting of Shield Insurance Company and AlAhli Takaful Company.	
De-listing of AlAhli Takaful Company's shares in Tadawul.	During a period of not less than the third trading period after the implementation of the Merger decision and not more than the sixth trading period after implementation of the Merger decision.	
Listing the New Shares in Tadawul and allocating them to the shareholders of AlAhli Takaful Company who are registered in the shareholders register of AlAhli Takaful Company at the end of the second trading period after the Merger decision became effective.	During a period of not less than the third trading period after the implementation of the Merger decision and not more than the sixth trading period after implementation of the Merger decision.	
Amending the commercial register and foreign investment license for Shield Insurance Company.	<ul style="list-style-type: none"> 12/07/1443H (corresponding to (13/02/2022G) in the event of a decision approving the Merger Transaction during the first or second Extraordinary General Assembly meeting of Shield Insurance Company and AlAhli Takaful Company. 12/08/1443H (corresponding to (15/03/2022G) in the event of a decision approving the Merger Transaction during the third Extraordinary General Assembly meeting of Shield Insurance Company and AlAhli Takaful Company. 	T+92 T+121
Cancellation of the commercial registration and investment license of a foreigner for AlAhli Takaful Company.	<p>Within a period not exceeding (30) days from the effective date of the Merger decision, and it is expected that this will take place on:</p> <ul style="list-style-type: none"> 12/07/1443H (corresponding to (13/02/2022G) in the event of a decision approving the Merger Transaction during the first or second Extraordinary General Assembly meeting of Shield Insurance Company and AlAhli Takaful Company. 12/08/1443H (corresponding to (15/03/2022G) in the event of a decision approving the Merger Transaction during the third Extraordinary General Assembly meeting of Shield Insurance Company and AlAhli Takaful Company. 	T+92 T+121

Event	Timeline/Dates	T+
The deadline for distributing the proceeds of the sale of the fractional shares that have been sold	<p>Within a period not exceeding (30) days from the effective date of the Merger decision, and it is expected that this will take place on:</p> <ul style="list-style-type: none"> 12/07/1443H (corresponding to (13/02/2022G) in the event of a decision approving the Merger Transaction during the first or second Extraordinary General Assembly meeting of Shield Insurance Company and AlAhli Takaful Company. 12/08/1443H (corresponding to (15/03/2022G) in the event of a decision approving the Merger Transaction during the third Extraordinary General Assembly meeting of Shield Insurance Company and AlAhli Takaful Company. 	<p>T+92 T+121</p>

* Note: The above dates are approximate and any amendments to these dates will be announced on Tadawul website (www.saudiexchange.sa).

** Copies of the available Circulars will be available for inspection during the period from the date of publishing the Offer Document until the end of the Offering Period at the head office of AlAhli Takaful Company (Address: Khalidiya Business Center, PO Box 48510 Jeddah 21582, Kingdom of Saudi Arabia, Tel: +966 (12) 690 1199 from Sunday to Thursday from nine in the morning until five in the evening, with the exception of official holidays in the Kingdom.

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1 Terms and Definitions

The following terms and expressions, wherever mentioned in this Circular, shall have the meanings assigned to them in the table below, unless the context requires otherwise:

Defined terms or abbreviations	Definition
AlAhli Takaful Company or the Company or the Merged Company	AlAhli Takaful Company
Arabian Shield Insurance Company, Arabian Shield Company, the Merged Company or the Issuer	Arabian Shield Insurance Company
Board of Directors of the AlAhli Takaful, or members of the Board of Directors of AlAhli Takaful Company	The Board of Directors of AlAhli Takaful Company.
The Circular/Board Circular of AlAhli Takaful Company	The Circular addressed to and available to AlAhli Takaful Company shareholders in connection with the Transaction, which contains, among other things, the opinion of the Board of Directors of AlAhli Takaful Company on the Transaction and Shield Insurance Company's plans regarding AlAhli Takaful Company and its employees, in addition to other information relating to ownership interests, Transactions and material contracts in compliance with Article 39 of the Merger and Acquisition Regulations, which also includes the invitation to attend the Extraordinary General Assembly of AlAhli Takaful Company and to vote in it, in addition to any other Circulars related to the Transaction as required by the context and the Merger and Acquisition Regulations.
The Offer	The Offer for the exchange of securities submitted by Shield Insurance Company to the shareholders of AlAhli Takaful Company that is included in this Offer Document.
Alternative Offer or Competitor Offer	<p>Any of the following:</p> <ol style="list-style-type: none"> 1) An Offer, or a potential Offer made by any third party other than Shield Insurance. 2) The actual sale, or potential sale of any of the assets of AlAhli Takaful Company, which is considered material in the course of AlAhli Takaful Company's business or in connection with the Transaction. 3) Any other transaction which, if executed, may result in a change of control in AlAhli Takaful Company; or 4) Any transaction concluded by AlAhli Takaful Company that includes a proposal for distribution of non-routine dividends to the shareholders of AlAhli Takaful Company. <p>Regardless of the proposed method for executing the Offer, proposal, or Transaction.</p>

Request to increase the capital of the Shield Insurance Company for the purpose of merging	It is a request to increase the capital of Arabian Shield Insurance Company for the purpose of merging AlAhli Takaful Company in the Arabian Shield Insurance Company in accordance with the Rules on the Offer of securities and Continuing Obligations, whereby the capital of the Arabian Shield Company will be increased by (59.63%) from (400,000,000) Saudi Riyals to (638,524,620) Saudi Riyals and its issued shares will be increased from (40,000,000) ordinary shares to (63,852,462) ordinary shares.
Shareholders Circular	Shareholders' Circular relating to the capital increase of the Arabian Shield Insurance Company by issuance of new shares for the purpose of merging AlAhli Takaful Company into Arabian Shield Insurance Company, prepared by the Arabian Shield Insurance Company in accordance with Article (58) of the Rules on the Offer of securities and Continuing Obligations, directed and available to the shareholders of the Shield Company in relation to the transaction and the capital increase for the purpose of merging with AlAhli Takaful.
The Extraordinary General Assembly of AlAhli Takaful Company for the Merger Transaction	<p>The Extraordinary General Assembly meeting of AlAhli Takaful Company, which will be held to vote on the Merger Transaction and a number of other related decisions. Such decisions are as follows:</p> <ol style="list-style-type: none"> 1. Approval of the terms and conditions of the Merger Agreement concluded between Arabian Shield Insurance Company and AlAhli Takaful Company on 02/12/1442H (corresponding to 12/07/2021G) 2. Authorizing the Board of Directors of AlAhli Takaful Company to make any decision or take any action that may be necessary to implement any of the above-mentioned decisions. <p>The items on the agenda of of the Extraordinary General Assembly meeting of AlAhli Takaful Company will be to vote on the provisions of the Merger Agreement, and to vote on delegating authority by the Board to any person to be authorized by the AlAhli Takaful Board to issue any decision or take any action that may be necessary to implement any of the aforementioned decisions related to the Merger Transactions.</p>
General Assembly of the Shield Insurance Company for the Merger Transaction	The Extraordinary General Assembly meeting of the Shield Insurance Company, which will be held to vote on the Merger
Shield Insurance Company shares	Ordinary shares in Al-Shield Insurance Company at a nominal value of SAR 10 per share.
Listing	The listing of the New Shares of the Arabian Shield Insurance Company in the market in accordance with the Listing Rules, to be traded on "Tadawul", or where the context allows, and submitting an application for registration with the Capital Market Authority and/or Tadawul to accept the listing.
Listing Date	The date on which the listing of the new shares of the Arabian Shield Cooperative Insurance Company will become effective.

Declaration, or declaration of affirmative intent	It is the announcement that was issued on 02/12/1442H corresponding to 12/07/2021G regarding the Merger Transaction in accordance with Article 17(e) of the Merger and Acquisition Regulations.
Working day	Any business day except Friday and Saturday and any day that is an official holiday in the Kingdom of Saudi Arabia or any day on which banking institutions are closed from work in accordance with applicable regulations and other government procedures
Capital Increase	The proposed increase in the capital of the Arabian Shield Insurance Company from (400,000,000) Saudi Riyals to (638,524,620) Saudi Riyals through the issuance of (23,852,462) shares in favor of the shareholders of AlAhli Takaful Company for the purpose of merging AlAhli Takaful Company in the Arabian Shield Insurance Company and transferring all assets and liabilities of AlAhli Takaful Company to the Arabian Shield Insurance Company.
Companies Law or Companies Regulations	The Companies Law in the Kingdom of Saudi Arabia issued by Royal Decree No. (M/3) dated 28/01/1437H (corresponding to 10/11/2015G), which entered into force on 25/07/1437H (corresponding to 02/05/2016 G) and amended by Royal Decree No. (M/79) on 25/07/1439H (corresponding to 11/04/2018G).
Conditions	Che conditions for executing the Transaction as explained in Paragraph 2-6-6 of this Circular (provided that any amendments, deletion or additions are included as (1) required to comply with the requirements of the Capital Market Authority, financial and financial market regulations, or (2) required by the applicable laws and regulations, or (3) agreed upon between the Arabian Shield Insurance Company and AlAhli Takaful Company. The term “conditions” is intended to mean one or more conditions as the context requires.
Control	It is, as intended in the Merger and Acquisition Regulations, the ability to influence the actions or decisions of another person, directly or indirectly (except for indirect ownership through a swap agreement or through an investment fund whose unit owner does not have any right in its investment decisions), individually or collectively, with a person or persons with whom they act in agreement, by owning (directly or indirectly) (30%) or more of the voting rights of an entity, and the term “controlling” shall be construed accordingly.
Subordinate	A person who controls another person, is controlled by that other person, or is jointly controlled with that other person by a third person. In any of the above, control is direct or indirect.
Dividends Distribution	Any form of dividends, or distributions (whether in cash or in kind).
Act in agreement	Means, at the discretion of the Authority, actual cooperation under an agreement (whether binding or non-binding) or understanding (whether formal or informal) between persons to control (whether directly or indirectly, excluding indirect ownership by way of a swap agreement or by through an investment fund, the owner of its units does not have any right in its investment decisions) over a company, through the acquisition by any of them (through direct or indirect ownership) of shares that have the right to vote in that

	<p>company. Notwithstanding the application of this definition, the persons mentioned below shall, without limitation, be deemed to be acting in concert with other persons in the same category unless proven otherwise:</p> <ol style="list-style-type: none"> 1) Persons who are members of the same group; 2) Relatives of the person; <p>A person or persons who have provided financial assistance (other than that of a bank in the ordinary course of its business) to the Offeror or persons in the same group with that person for the purpose of acquiring voting shares or convertible debt instruments</p>
The Exchange	The Saudi Stock Exchange (Tadawul) and includes, as the context allows, any committee, sub-committee, employee, official, affiliated person, or agent that may be assigned at the present time to perform any of the market functions, and the phrase “in the market” means any activity that takes place through or by means of equipment provided by the Exchange.
Falcom Financial Services	Falcom Financial Services Company, the Financial Advisor to AlAhli Takaful Company in connection with the Merger Transaction.
AlAhli Takaful Company Shares	Ordinary shares in Alahli Takaful Company at a nominal value of 10 Saudi Riyals per share.
Extraordinary General Assembly meeting	The Extraordinary General Assembly meeting for the shareholders of AlAhli Takaful Company, or the shareholders of Shield Insurance Company, as required by context, that will be held in relation with this Transaction.
The Kingdom	Kingdom Saudi Arabia.
Insurance company	An insurance company subject to the supervision of the Central Bank of Saudi Arabia and the Cooperative Insurance Companies Control Law issued by Royal Decree No. M/32 dated 02/06/1424H corresponding to 31/07/2003G and the Implementing Regulations of the Cooperative Insurance Companies Control Law issued by Ministerial Order No. 1/561 dated 01/03/1425H (corresponding to 20/04/2004G.)
Central Bank or SAMA	The Central Bank of Saudi Arabia (formerly the Saudi Arabian Monetary Agency).
Traded	Means traded in the main market (Tadawul).
Listed	Securities or shares that have been accepted to be listed on the main market in the Saudi Tadawul.
Rules on the Offer of Securities and Continuing Obligations	These are the Rules on the Offer of Securities and Continuing Obligations issued by the Board of the Capital Market Authority pursuant to Resolution No. 3-123-2017 dated 9/4/1439H corresponding to 27/12/2017G, based on the Capital Market Law issued by Royal Decree No. M/30 dated 2/6/ 1424H, as amended by Decision of the Board of the Capital Market Authority No. 1-7-2021 dated 01/06/1442H corresponding to 14/01/2021G.

Listing Rules	These are the Listing Rules of Securities on the Stock Exchange (Tadawul) approved by the Capital Market Authority Board Resolution No. 3-123-2017 dated 9/4/1439H corresponding to 27/12/2017G. And amended by Resolution No. 1-104-2019 dated 01/02/1441H corresponding to 30/09/2019G. And amended by Resolution No. (1-22-2021) dated 12/07/1442H corresponding to 24/02/2022G.
Law	The Capital Market Law issued by Royal Decree No. M/30 dated 2/6/1424H (corresponding to 31/07/2003G).
Adverse Material Change or Adverse Material Changes	It is any of the five cases set out in Section No. 2-6-2 in this Document, the establishment of any of which may lead to the termination of the Merger Agreement and the payment of the Termination Fee (except for the case of force majeure, the realization of its conditions will result in the termination of the Merger Agreement but without payment of the Termination Fee).
Offer Document	The Offer Document prepared by Arabian Shield Insurance Company in accordance with Article (38) of the Merger and Acquisition Regulations regarding the Offer submitted by the Arabian Shield Insurance Company to the shareholders of AlAhli Takaful Company for the purpose of merging AlAhli Takaful Company with Arabian Shield Insurance Company in return for transferring the assets and obligations of AlAhli Takaful Company to Arabian Shield Insurance.
Offering Period	The period extending from the date of announcing the confirmed intention of Shield Insurance Company to submit an Offer to the shareholders of AlAhli Takaful Company until the date of issuance of the Extraordinary General Assembly's decision regarding the Merger Transaction for each of the two companies, or the termination of the Merger Agreement in accordance with its provisions.
Mergers and Acquisitions Regulations	Merger and Acquisition Regulations issued by the Board of the Capital Market Authority pursuant to Resolution No. 1-50-2007 dated 21/09/1428H, (corresponding to 03/10/2007G) based on the Capital Market Law issued by Royal Decree No. M/30 dated 02/06/1424H amended by the decision of the Board of the Capital Market Authority No. 3-45-2018 dated 07/08/1439H corresponding to 23/04/2018G based on the Capital Market Law issued by Royal Decree No. M/30 dated 02/06/1424H and the Companies Law issued by Royal Decree No. M/3 dated 28/01/1437H.
Person	Any natural or legal person recognized by the Kingdom's regulations as such.
Related person	They are the Managing Director, member of the Board of Directors, senior executives or any Substantial shareholder in Arabian Shield Insurance Company or AlAhli Takaful Company, or the Financial Advisor or Legal Advisor to any of the Arabian Shield Insurance Company or AlAhli Takaful Company, or any person related to a person who meets this definition.
Substantial Shareholder	A person who owns (5%) or more of the shares of either Shield Insurance Company or AlAhli Takaful Company.

Senior Executives	Any natural person who manages and is responsible for setting and implementing the strategic decisions of the company, including the CEO, his deputies and the chief financial officer
Another jurisdiction	It is any jurisdiction outside the Kingdom of Saudi Arabia in which it is prohibited to distribute the Offer Document, or to create, extend, or accept any other Offer related to the Transaction that would violate the law or the legislation in force in the said jurisdiction, including but not limited to, Australia, Canada, Dubai International Financial Centre, Japan, Jordan, Kingdom of Bahrain, Kuwait, Sultanate of Oman, United Arab Emirates, United Kingdom and United States of America
Riyal or SAR	Saudi Riyal.
General Authority for Competition	General Authority for Competition that was established under the Competition Law issued by Royal Decree No. (M/25), dated 04/05/1425H.
The Authority or CMA	The Capital Market Authority in the Kingdom of Saudi Arabia.
Supervisory authority	It is the authority, the central bank, or any other authority in the Kingdom or abroad that monitors and supervises the conduct of securities business, banking, financial, insurance or investment business, including self-regulatory bodies.
Tadawul or the Saudi Stock Exchange	Saudi Stock Exchange Company (Tadawul) established in the Kingdom of Saudi Arabia in accordance with the Capital Market Law.
financial consultant	The independent Financial Advisor to AlAhli Takaful Company, Falcom Financial Services Company ("Falcom").
Financial, Actuarial and Tax Due Diligence Advisor for AlAhli Takaful Company	Deloitte Financial Advisory Services Ltd.
Embedded Value of the Protection and Saving Portfolio Advisor for AlAhli Takaful Company	Deloitte Financial Advisory Services Ltd.
Legal Advisor of AlAhli Takaful Company	Independent legal advisor of AlAhli Takaful Company, Zarea and Hamdan Law Firm
Termination Date	The date on which the Merger Agreement is terminated in accordance with its terms and conditions.
Transaction or Merger	The proposed Merger Transaction between Arabian Shield Insurance Company and AlAhli Takaful Company in accordance with the provisions of Articles (191), (192) Article (193) of the Companies Law and subparagraph (1) of paragraph (a) of Article (49) of the Merger and Acquisition Regulations, according to which, all the assets and obligations of AlAhli Takaful Company will be transferred to the Arabian Shield Insurance Company in exchange for the Arabian Shield Insurance Company issuing new shares for the benefit of the shareholders of AlAhli Takaful Company by increasing the capital of the

	Arabian Shield Insurance Company from (400,000,000) Saudi Riyals to (638,524,620) Saudi Riyals.
Enforcement of the Merger decision	After the end of the Creditors Objection Period or the settlement of all the creditors' objections to the Merger Transaction (whichever comes later) in accordance with the provisions of Article (193) of the Companies Law.
Completion or Closing of the Merger Transaction	The day on which the New Shares of the Arabian Shield Cooperative Insurance Company are listed on Tadawul in accordance with the terms and conditions of the Merger Agreement.
Memorandum of Understanding	A non-binding memorandum of understanding concluded between the Arabian Shield Insurance Company and AlAhli Takaful Company on 29/08/1442H (corresponding to 11/04/2021G).
Merger Agreement or the Agreement	It is the Merger Agreement that was entered into by Shield Insurance Company and AlAhli Takaful Company on 02/12/1442H corresponding to 12/07/2022G, which includes the terms and conditions related to the implementation of the Merger Transaction.
Creditors Objection Period	The period during which the creditors of AlAhli Takaful Company are entitled to submit their objections to the Merger Transaction in accordance with the provisions of Article (193) of the Companies Law. It begins from the date of publishing the approval of the Merger decision for AlAhli Takaful Company and continues for a period of (30) days.
Swap Ratio / Exchange Ratio	A total of (1.43114769137705) shares in Shield Insurance Company in favor of AlAhli Takaful Company Shareholders.
New shares or Consideration Shares	They are the shares that will be issued in Shield Insurance Company to the shareholders of AlAhli Takaful Company as a result of the Merger Transaction, totaling (23,852,462) ordinary shares at a nominal value of (10) ten Saudi Riyals per share. (These new shares do not differ from the existing shares issued by the Arabian Shield Insurance Company in any way).
Business integration	Merging the businesses of the Arabian Shield Insurance Company and AlAhli Takaful Company (including the integration of managerial and administrative functions, organizational structure, information systems, and others) to proceed with the business of the Merged Company after completion of the Merger Transaction.
Representations	The mutual representations and undertakings between the two parties set forth or referred to in Appendix 2 of the Merger Agreement.

2 Introduction

2.1 AlAhli Takaful Circular

This Circular includes the legal information that must be provided to AlAhli Takaful shareholders in accordance with the requirements of the Merger and Acquisition Regulations. This Circular also includes the opinion of AlAhli Takaful Board of Directors regarding the Merger Transaction, in addition to the independent financial advice provided to it by Falcom Financial Services Company.

2.2 Overview of The Merger Transaction

The Merger will take place between AlAhli Takaful Company and the Arabian Shield Insurance Company through a Transaction that involves Offering share swap exchange. It has been agreed between AlAhli Takaful Company and the Arabian Shield Insurance Company that the Arabian Shield Insurance Company will be the Merged Company, so that AlAhli Takaful will be merged into the Arabian Shield Insurance Company after completing all the necessary procedures to complete the Merger Transaction.

The Merger will take place on the basis of the Swap Ratio, so that Arabian Shield Insurance Company will issue new ordinary shares for the benefit of AlAhli Takaful shareholders, and that all AlAhli Takaful assets and liabilities will be transferred to the Arabian Shield Insurance Company. The (Swap Ratio) between the shareholders of the Arabian Shield and the shareholders of AlAhli Takaful will be calculated using the Adjusted Equity Book Value as per the date of 31 March 2021G, after making the adjustments that will be agreed upon according to the results of the examination and the verification process. In addition, the book value of the equity of AlAhli Takaful Company will be adjusted by the embedded value of the portfolio of Takaful insurance policies to secure the protection and savings of AlAhli Takaful Company.

The following are the most important historical events related to the Merger process:

Event	Date
AlAhli Takaful Company and the Arabian Shield Company signed a non-binding Memorandum of Understanding to assess the feasibility of merging the two companies.	29/08/4214H (corresponding to 11/04/2120G).
AlAhli Takaful Company and the Arabian Shield Company signed the Merger Agreement, and the Arabian Shield Company announced its desire to submit an Offer Document to AlAhli Takaful shareholders for the purpose of merging with AlAhli Takaful through a financial Swap Offer.	02/12/1442H (corresponding to 12/07/2021G).
The General Authority for Competition announced that it has no objection to the Merger Transaction	29/12/1442H (corresponding to 08/08/2021G).
AlAhli Takaful Company announced the approval of the Saudi Central Bank on the Merger Transaction	20/03/1443H (corresponding to 26/10/2021G).
Tadawul approval was obtained on the request to list the shares to increase the capital of the Arabian Shield Company for the benefit of the eligible AlAhli Takaful shareholders for those shares	25/03/1443H (corresponding to 31/10/2021G).
Issuance of the Authority's approval on a request to increase the capital of Shield Insurance Company by issuing new shares to the shareholders of AlAhli Takaful Company for the purpose of implementing the Merger	05/04/1443H (corresponding to 10/11/2021G).

3 Merger Transaction

The Merger Transaction will be executed in accordance with the provisions of Articles (191, 192 and 193) of the Companies Law and sub-paragraph (1) of paragraph (a) of Article (49) of the Merger and Acquisition Regulations, provided that the Merger conditions briefly mentioned in this Circular are met. All AlAhli Takaful assets and obligations will be transferred to the Arabian Shield Insurance Company on the effective date and the Arabian Shield Insurance Company will continue to exist. AlAhli Takaful will expire as a legal entity and all of its shares will be cancelled, and the Consideration Shares will be issued to AlAhli Takaful shareholders registered in the AlAhli Takaful shareholders register at the end of the second trading period after the effective date of the Merger decision.

The shareholders of AlAhli Takaful Company will receive (23,852,462) shares in the Arabian Shield Insurance Company in exchange for the entire capital shares in AlAhli Takaful Company. These shares will be issued by increasing the fully paid-up capital of Arabian Shield Company from (400,000,000) Saudi Riyal to (638,524,620) Saudi Riyal and increasing the number of its issued shares from (40,000,000) shares to (63,852,462) shares. The total number of Consideration Shares will be (23,852,462) ordinary shares, at a nominal value of (10) Saudi Riyal per share, so that the total value of the Consideration Shares will be (238,524,620). Upon completion of the Merger Transaction, the current shareholders of Arabian Shield Insurance Company will own (62.64%) of the Merged Company's capital, while the shareholders of AlAhli Takaful Company will own (37.36%) of the Merged Company's capital.

In the event that the process of calculating the number of shares due to any of AlAhli Takaful Company shareholders based on the fractional share coefficient results, the resulting number will be rounded to the lowest whole number. For example, if a shareholder of AlAhli Takaful Company owns (50) shares in AlAhli Takaful Company, then (71) shares of consideration will be allocated to him, not (72) shares. The fractional shares will be accumulated and sold in Tadawul at the prevailing market price of the Merged Company at the time, on behalf of the eligible shareholders of AlAhli Takaful Company. Then, the proceeds of the sale will be distributed to the beneficiaries on a pro rata basis, within a maximum period of thirty (30) days from the date of completing the Merger Transaction. The costs related to the sale of the fractional shares will be deducted from the total proceeds of this sale.

The Consideration Shares will be issued with a fully paid-up value of the same class of ordinary shares of the Arabian Shield Insurance Company, and the shareholders of AlAhli Takaful Company will enjoy in all respects all rights and without any mortgages or burdens. The two companies will continue to use their names and trademarks during the implementation of the Merger Transaction.

The terms of the Merger were approved by the Board of Directors of the Arabian Shield Insurance Company and the Board of Directors of AlAhli Takaful Company, including the agreed Swap Ratio, i.e., the number (1.43114769137705) of a new share in the Arabian Shield Insurance Company for the benefit of the shareholders of AlAhli Takaful Company for every single share owned in AlAhli Takaful Company, in the event that the Arabian Shield Insurance Company announces dividends, or distributes or issues any other shares (in return for capitalization of profits, issuance of rights shares, capital reduction or any other modification of rights related to any part of the capital shares issued by it).

The proposed increase in the capital of the Arabian Shield Insurance Company for the purpose of the Merger is conditional on the approval of the shareholders of the Arabian Shield Insurance Company during the extraordinary general meeting of the Arabian Shield Insurance Company to increase its capital for the purpose of merging AlAhli Takaful Company in the Arabian Shield Insurance Company, in addition to the approval of the shareholders of AlAhli Takaful during the Extraordinary General Assembly meeting on the Offer submitted by the Arabian Shield Insurance Company. The new shares in the Arabian Shield Insurance Company will be issued in implementation of the Merger as fully paid-up shares. These shares will be equal to the shares of Arabian Shield Insurance Company, which are currently issued, with all related rights. The shares will also be acquired by the shareholders of AlAhli Takaful

Company free from any mortgages, restrictions, fees, burdens, pre-emptive rights or other rights or interests of third parties. In addition to the fact that AlAhli Takaful Company shareholders will obtain all rights arising from the ownership of those shares, including the right to receive any profits announced by the Arabian Shield Insurance Company after the completion of the Merger Transaction.

After the Merger Transaction is approved by the shareholders of AlAhli Takaful Company during the company's Extraordinary General Assembly meeting to approve the Offer submitted by the Arabian Shield Insurance Company related to the Merger, and after the implementation of the Merger decision and the issuance of shares to the shareholders of AlAhli Takaful Company in the Arabian Shield Insurance Company, the listing of AlAhli Takaful Company's shares in the Saudi Stock Exchange (Tadawul) will be canceled, all licenses issued to it will be canceled and after that its commercial registration will be canceled and AlAhli Takaful Company will expire

It is expected that all of this will take place according to the expected schedule of the major events, which is shown on Page No. (v).

TABLE NO. (1): OWNERSHIP OF THE ARABIAN SHIELD INSURANCE COMPANY BEFORE AND AFTER THE CAPITAL INCREASE OF THE MERGED COMPANY AND THE COMPLETION OF THE MERGER TRANSACTION.

Name	Before the capital increase - Shield Insurance Company				After the capital increase - Shield Insurance Company			
	Number of Shares (Directly Owned)	Direct Ownership Percentage	Indirect Ownership Percentage*	Total ownership percentage (direct and indirect)	Number of Shares (Directly Owned)	Indirect Ownership Percentage*	Total ownership percentage (direct and indirect)	Number of Shares (Directly Owned)
Bahrain National Holding Company (a Bahraini joint stock company)	6,000,000	15.00%	None	15.00%	6,000,000	9.4%	None	9.4%
Prince Sultan Mohammed Saud Al Kabeer Al Saud**	5,700,000	14.25%	0.003%	14.253%	5,700,000	8.93%	0.002%	8.93%
Nasser Mohammed Hammoud Al-Mutawa Al-Otaibi***	2,850,000	7.13%	0.005%	7.13%	2,850,000	4.46%	0.003%	4.47%
Members of the Board of Directors and Senior Executives of Shield Insurance Company****	3,466	0.009%	21.4%	21.41%	3,466	0.005%	13.41%	13.42%
Saudi National Bank	None				7,155,738	11.21%	None	11.21%
Members of the Board of Directors and Senior Executives of AlAhli Takaful Company					None	None	None	-
Public	25,446,534	63.62%	N/A		42,143,258	70.5%	N/A	
Total	40,000,000	100%	N/A		63,852,462	100%	N/A	

Source: Arabian Shield Insurance Company

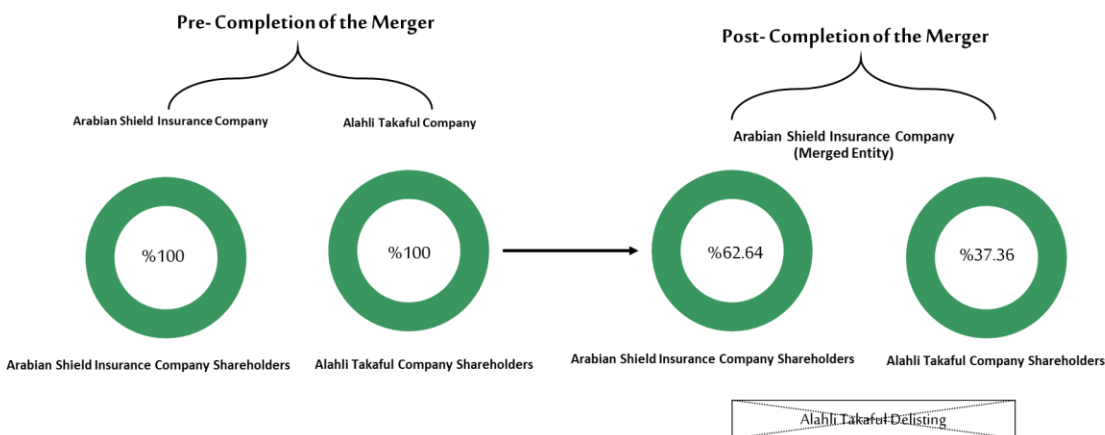
* Indirect ownership means the shares owned indirectly by the Substantial Shareholders and members of the Board of Directors in Shield Insurance Company through their ownership in companies owning shares in Shield Insurance Company or the shares owned by the relatives of the Substantial Shareholders and members of the Board of Directors (husband, wife, children and parents) either directly or through their ownership in companies that own shares in Shield Insurance Company

** The indirect ownership of the shareholder Prince Sultan Mohammed Saud Al Kabeer Al Saud results from the direct ownership of his son, Board Member/ Prince Nayef Sultan bin Mohammed Saud Al Kabeer Al Saud (Chairman of the Board of Directors of Shield Insurance Company)

*** The indirect ownership of Nasser Mohammed Hammoud Al-Otaibi results from the direct ownership of his son Turki bin Nasser Al-Mutawa Al-Otaibi (Member of the Board of Directors of Shield Insurance Company). It is worth noting that the direct ownership of Nasser Mohammed Hammoud Al-Mutawa Al-Otaibi will decrease from (7.13%) to (4.46%) after the capital increase process, and therefore he will not become a Substantial Shareholder in the Shield Insurance Company after the capital increase process, and his direct ownership percentage will be calculated within public ownership.

**** The indirect ownership of the board members and senior executives of Shield Insurance Company results from the direct ownership of Prince Sultan Mohammed Saud Al-Kabeer Al Saud (father of the Chairman of the Board of Directors of the Shield Insurance Company, Prince Nayef bin Sultan bin Mohammed Saud Al-Kabeer Al Saud) and the direct ownership of shareholder Nasser Mohammed Hammoud Al-Mutawa Al-Otaibi (father of the Board Member of Shield Insurance Company Turki bin Nasser Al-Mutawa Al-Otaibi) and the indirect ownership of Abdullah Al-Otaibi results from the direct ownership of the Obeikan Investment Group (17.00%) of the capital of the Obeikan Investment Group, and the Obeikan Investment Group directly owns Its percentage (0.15%) of the capital of Shield Insurance Company

FIGURE (1): OWNERSHIP STRUCTURE PRE AND



Source: The Company

3.1 Implications of the Merger Transaction

The largest 8 insurance companies in Saudi Arabia acquired (75.8%) of the total insurance premiums written in the year 2020, amounting to (38.78) billion Saudi Riyals (according to the Saudi insurance market report for the year 2020, issued by the Central Bank of Saudi Arabia). The market share of the Arabian Shield Insurance Company accounted for (1.43%) of the total insurance premiums written in the year 2020, and the market share of AlAhli Takaful Company amounted to (0.64%) in the same year. The insurance sector in the Kingdom of Saudi Arabia faced in the past year 2020G and this year 2021G, 3 completed Mergers of a number of insurance companies, in addition to a number of Mergers announced and being in progress. The insurance sector is expected to witness more Mergers in the foreseeable future, as the initiatives of the Financial Sector Development Program included an initiative to encourage and facilitate Mergers in the insurance sector, which aims to sustain the sector's growth, stability and durability, increase its contribution to the GDP, diversify and digitize its products, and promote innovation. and competition in it. The proposed Merger of the Arabian Shield Insurance Company with AlAhli Takaful Company is expected to contribute to acquiring a larger market share, thus enhancing the competitive position of the Merged Company upon

completion of the Merger Transaction. In addition, the Merged Company will benefit from the introduction of a new insurance product, which is Protection and Savings Insurance (long-term policies). These are products that were not previously provided by the Arabian Shield Insurance Company (as the Arabian Shield Insurance Company currently offers protection insurance policies – short-term policies) – and the members of the Board of Directors of the Arabian Shield Insurance Company believe that the experience of AlAhli Takaful Company team and the technical infrastructure of AlAhli Takaful Company, with regard to the long-term protection and savings insurance, will be considered a positive point with a comparative advantage to improve the market share of the Merged Company with regard to the protection and savings insurance market in particular. Thus, the Merged Company will cover all insurance products in its various sectors (public, health, protection and savings (long and short Term)). It is worth noting that the Merged Company currently has a valid license to provide protection and savings products, but it requires the approval of the Central Bank of Saudi Arabia to subscribe to protection and saving insurance products (long-term) for the Merged Company, so that it can benefit from the provision of these products. The desired benefits of the Merger are summarized in enhancing competitiveness in the sector, improving operational efficiency, reducing expenditures, attracting and maintaining qualified human competencies, and other effects that are positively reflected on the Kingdom's economy, the financial sector, the insurance sector, the insured and the beneficiaries of insurance coverage. In addition, since the Merged Company will have a stronger capital, it will be more able to bear risks, absorb more insurance underwritings, and provide better insurance services to its clients. It is also expected that the new capital of the Merged Company will contribute to improving the ability of the Merged Company to invest its money and, consequently, the improve investment returns resulting from those investments. On the other hand, it is expected that the new capital of the Merged Company will contribute to obtaining a better rating by international financial rating agencies. In addition, due to the expected increase in the volume of business, the Merged Company will have a better ability to negotiate rates with the reinsurance companies.

The Board of Directors of the Arabian Shield Insurance Company believes that the Merged Company will be able to reduce the percentage of expenses to the total written premiums, in proportion to the size of its new business, which will include the business of AlAhli Takaful Company. In addition, the Board of Directors of the Arabian Shield Insurance Company believes that the Merged Company will be able in the long term to Offer more competitive rates to its customers in the insurance market in the individual and corporate sectors, when the business integration is completed.

The motives for Merger are summarized, for example, but not limited to the following:

- Increasing and diversifying the customer base.
- Improving the ability of the Merged Company to invest its funds.
- Reducing the ratio of expenditures to total written premiums.
- Improving the Merged Company's ability to negotiate rates with reinsurers.
- Ability of the Merged Company to provide insurance products covering all insurance sectors.
- Enhancing the geographical penetration of the Merged Company's business.
- Improving the capital of the Merged Company.
- Ability to offer insurance products at more competitive prices in the long term.
- Possibility of the Merged Company to obtain better ratings by international financial rating agencies.
- Benefit from the integration of administrative and technical expertise that may result from the business integration.

- Diversification of insurance products (utilizing the savings and protection insurance products for individuals).

It is worth noting that the Merger Transaction is endorsed and recommended by the boards of directors of the Arabian Shield Insurance Company and AlAhli Takaful Company.

3.2 Method of Determining the Share Swap Ratio

After negotiation and discussion between Arabian Shield Insurance Company and AlAhli Takaful Company, it was agreed between the two companies on the Swap ratio, which determines the number of shares that AlAhli Takaful Company shareholders will obtain in the Merged Company upon the completion of the Merger Transaction. During this negotiation phase, AlAhli Takaful Company took the advice of its advisors in addition to reviewing the data of the necessary professional due diligence care related to the work of the Arabian Shield Company.

The discussions that took place on the Swap Ratio were subject to the provisions of the memorandum of understanding signed between the Arabian Shield Insurance Company and AlAhli Takaful Company on 11/04/2021G, so that it was agreed between the two companies that if a final decision is reached regarding the Merger Transaction, it will be done through the Merger of AlAhli Takaful Company into the Arabian Shield Insurance Company through the issuance of the new shares by the Arabian Shield Insurance Company to the shareholders of AlAhli Takaful Company, in exchange for the transfer of the assets and obligations of the AlAhli Takaful Company to the Arabian Shield Insurance Company. It was also agreed between the two companies that the valuation will be based on adjusted equity book value according to the published financial statements of each of the two companies as on March 31, 2021G, subject to all necessary due-diligence adjustments. Additionally, the equity book value of AlAhli Takaful shall be adjusted for the embedded value of the in-force protection and savings takaful policies of the Target's portfolio.

Accordingly, the evaluation was carried out using the adjusted equity book value methodology as in the financial statements as of March 31, 2021G, after making the necessary due diligence adjustments in order to arrive at the Swap Ratio related to the Merger Transaction.

Table No. (2): Method of Evaluation and Calculation of the Swap Ratio

As in the audited financial statements as on March 31, 2021G	Arabian Shield Cooperative Insurance	AlAhli Takaful	The Merged Company
Equity book value	480,821,000	254,012,000	734,833,000
Financial, Actuarial and Legal Due Diligence Adjustments* (Additions)	(Additions) 21,043,500	0	21,043,500
The Embedded Value of the Protection and Savings takaful Portfolio of AlAhli Takaful Company**	0	(Additions) 45,255,600	45,255,600
Evaluation after adding (deducting) the due diligence adjustments and the embedded value of the insurance portfolio of AlAhli Takaful Company	501,864,500	299,267,600	801,132,100
Ownership in the Merged Company	62.64%	37.36%	100.00%
Number of shares of Arabian Shield Insurance Company			40,000,000
Number of shares of AlAhli Takaful Company			16,666,667
Swap Ratio for every (1) share owned in AlAhli Takaful Company			1.43114769137705
Number of shares to be issued in favor of AlAhli Takaful Company shareholders			23,852,462
Total number of shares of the Merged Company (after completing the Merger Transaction)			63,852,462

* The financial, actuarial and legal due diligence adjustments that were approved in the evaluation of each of the Arabian Shield Cooperative Insurance Company and AlAhli Takaful Company are summarized in the following:

Table No. (3): Summary of Due Diligence Adjustments

Arabian Shield Company		AlAhli Takaful Company	
Adjustment	Value	Adjustment	Value
Goodwill resulting from the acquisition of an insurance portfolio in 2009G	(23,397,000)	None	0
Excess provisions for actuarial calculation for incurred but not reported (IBNR) claims for the motor insurance sector	29,459,000		
Excess provisions withheld in connection with income tax for previous years	6,100,000		
Surplus of the company's share in the compulsory Umrah products Pool	4,700,000		
Surplus revaluation of the company's investment stake in Najm Insurance Services	4,181,500		
Total financial, actuarial and legal due diligence adjustments for the Arabian Shield Company	21,043,500	Total financial, actuarial and legal due diligence adjustments for AlAhli Takaful Company	0

Source: Arabian Shield Company and AlAhli Takaful Company

** In accordance with the provisions of the memorandum of understanding signed between the Arabian Shield Insurance Company and AlAhli Company on 29/08/1442H (corresponding to 11/04/2021G), the embedded value of the AlAhli Takaful Company portfolio will be determined by each party appointing an assessment advisor for the insurance portfolio of AlAhli Takaful Company. The embedded value of AlAhli Takaful Company's portfolio has been determined by using the methodology of determining the present value of expected future profits. Noting that the embedded value was evaluated with a value of (51,041,179) Saudi Riyal by Deloitte & Touche (the Advisor to AlAhli Takaful Company to assess the insurance portfolio of AlAhli Takaful Company), and with a value of (39,470,021) Saudi Riyal by Shamma Consulting Company (The advisor to the Arabian Shield Company to assess the insurance portfolio of AlAhli Takaful Company). It was agreed between the two parties to determine the embedded value of the portfolio for AlAhli Takaful Company at a value of (45,255,600) Saudi Riyal, which was added to the assessment of AlAhli Takaful Company as on March 31, 2021G

Based on the Swap Ratio mentioned above, the Arabian Shield Company will increase its capital and issue twenty-three million eight hundred fifty-two thousand four hundred and sixty-two (23,852,462) ordinary shares at a nominal value of (10) ten Saudi Riyal per share and registered in favor of the shareholders of AlAhli Takaful Company. The total market value of the Consideration Shares based on the Swap Ratio and on the closing price of the Arabian Shield Company share amounting to 23.22 Saudi Riyal as on (11/07/2021G), which is the last trading day preceding the date of concluding the Merger Agreement, is an amount of (553,854,168) five hundred and fifty-three million eight hundred and fifty-four thousand one hundred and sixty-eight Saudi Riyal. The total value of the Consideration Shares that will be reflected in the financial statements of the Arabian Shield Company will be determined at a later time based on the closing price of the shares of the Arabian Shield Company on the last trading day preceding the effective date of the Merger decision.

Table No. (4): Method of Calculation of the Swap Ratio

Clause	Clarification
Evaluation of the Merged Company "After the Merger process"	Evaluation of the Arabian Shield Insurance Company + Evaluation of AlAhli Takaful Company.
Arabian Shield Insurance Company's ownership percentage in the Merged Company "after the Merger"	<u>Evaluation of the Arabian Shield Insurance Company</u> Evaluation of the Merged Company "after the Merger process"
AlAhli Takaful Company's ownership percentage in the Merged Company "after the Merger process"	<u>AlAhli Takaful Company's evaluation</u> Evaluation of the Merged Company "after the Merger process"
The number of new shares for the current Arabian Shield shareholders after the Merger process	As it was before the capital increase, is forty million (40,000,000) ordinary shares.
Number of new shares for existing AlAhli Takaful shareholders	$\frac{\text{Number of shares of current Arabian Shield Insurance Company shareholders after the Merger}}{\text{the number of shares held by the current shareholders of the Arabian Shield Insurance Company after the Merger}}$ <p>The percentage of ownership of the Arabian Shield Insurance Company in the Merged Company after the Merger</p>
Swap Ratio for every (1) share owned in AlAhli Takaful Company	$\frac{\text{The number of shares that will be issued in favor of AlAhli Takaful shareholders for the purpose of the Merger}}{\text{Number of shares in Solidarity Saudi Takaful Company for the purpose of Merger}}$

Source: Arabian Shield Company and AlAhli Takaful Company

3.3 Conditions for Completing the Merger Transaction

The implementation of the Merger Transaction depends on the fulfillment of a number of preconditions (in addition to reviewing Section 8.1 entitled "The Merger Agreement" and Section 10) "Necessary Procedures for Completing the Merger Transaction") of this Circular.

4 Opinion of AlAhli Takaful Board of Directors Regarding the Merger Transaction

Members of the Board of Directors believe that the Merger is fair and reasonable Transaction, after the completion of the due diligence study with the help of their advisors, and after taking into account the market condition at the date of publication of this Circular, and future growth opportunities for the Merged Company, including the expected benefits of the Merger. This is in addition to the Financial Advisor Fairness Opinion submitted by Falcom Financial Services Company to the Board of Directors of AlAhli Takaful on 03/12/1442H (corresponding to 13/07/2021G) and a copy of it is attached in Appendix No. (1) of this Circular. It states that, as is the case at that date, and taking into account the factors and assumptions explained in that advice, Falcom Financial Services Company considers that the Swap Ratio in the proposed Merger Transaction is fair, from a financial point of view towards the holders of the shares of the Merged Company.

Also, members of the Board of Directors of AlAhli Takaful Company believe that the Merger is in the interest of AlAhli Takaful Company and its shareholders, and therefore, they recommend unanimously to approve the decisions of the Merger described in the call form for a meeting of the Assembly Extraordinary General Assembly AlAhli Takaful, and when they submitted this recommendation, the Board of Directors of AlAhli Takaful Company, took into consideration the external advice they received on legal, financial, accounting, strategic and other matters related to the Merger Transaction.

It is worth noting that the members of the Board of Directors of AlAhli Takaful did not take into consideration the individual investment objectives, the financial condition, the zakat and tax situation, or the private circumstances of each shareholder of AlAhli Takaful, due to the different circumstances, situations and objectives of each of them. Accordingly, the members of the members of the Board of Directors of AlAhli Takaful recommend that each shareholder of Ahli Takaful shall obtain independent advice from a licensed financial advisor regarding the Merger and must rely on his own review of the Merger Transaction to ensure the compatibility of the Merger Transaction and the information contained in this Circular with his investment objectives and financial conditions.

AlAhli Takaful Board of Directors reserves the right to withdraw or amend its recommendations in accordance with the legal duties and obligations of the Board of Directors of AlAhli Takaful. As per sub-paragraph (a) of Clause 10.1 of the Merger Agreement, if AlAhli Takaful Board of Directors decide to withdraw or change its recommendation regarding the Merger Transaction, termination fees of (3,750,000) Riyal shall be paid to Arabian Shield Company.

The recommendation of AlAhli Takaful Board of Directors set forth in the notification of the Extraordinary General Assembly meeting, did not take into consideration the future trading activities, trading levels or patterns or the share prices of the Arabian Shield Insurance Company after the date of this Circular.

5 Opinion of the Board of Directors of AlAhli Takaful Regarding the Plans of the Arabian Shield for AlAhli Takaful and the Benefits of the Merger Transaction

5.1 Overview

As large insurance companies continue to capture a larger market share, small and medium-sized companies are forced to compete for a small portion of the market for the purposes of this competition, these companies may engage in unhealthy practices for the purpose of cost-cutting that limit their growth potential. Therefore, consolidation of the market through Mergers and acquisitions leads to the creation of strong financial institutions that can enter different sectors and acquire larger shares in the market.

5.2 Benefits for the shareholders of AlAhli Takaful and Arabian Shield Insurance

The Merger will be beneficial to both AlAhli Takaful and Arabian Shield Insurance shareholders, as it is believed that the Merger will contribute to the following:

- Improving the competitive position of the Merged Company in the insurance market: As a result of the Merger Transaction, it is expected to increase the market share of the Merged Company with a larger and more diversified customer base, and consequently this will lead to an improvement in the company's position and the results of its operational and financial operations compared to the current positions of both Arabian Shield and AlAhli Takaful Separately.
- Increasing the insurance products Offered by the Merged Company: As a result of the Merger Transaction, the Merged Company will cover all insurance products in its various sectors (protection and savings, general, health, vehicles).
- Improving operational efficiency resulting from integration in operational processes: As a result of the Merger Transaction, the Merged Company will be able to improve operational efficiency and thus the ability to reduce operating expenses and general and administrative expenses of the Merged Company in proportion to its new business volume, and thus will be able to provide insurance products at more competitive prices in the long term.
- Benefiting from administrative and technical expertise and technical infrastructure: As a result of the Merger Transaction, it is expected that the Merged Company will benefit from the cumulative experiences regarding the administrative and technical aspects and the technical structure owned by both companies.
- Benefiting from the geographical distribution of the regional departments of the two companies: As a result of the Merger Transaction, and since the regional management of both companies is located in a different geographical area, it is expected that the Merger Transaction will contribute to improving the geographical presence by enhancing communication with existing customers as well as reaching out to new customers.

6 Opinion of the AlAhli Takaful Board of Directors Regarding the Arabian Shield plans for AlAhli Takaful Employees

With reference to the Merger Agreement signed between the two parties on 02/12/1442H (corresponding to 12/07/2021G), the Arabian Shield Company will absorb all AlAhli Takaful employees within the Merged Company after the Merger. The Merger Transaction, once completed, will not result in any layoffs of any of AlAhli Takaful Company employees. Accordingly, the Board of Directors of AlAhli Takaful believes that these plans are in the interest of AlAhli Takaful employees.

7 Shares of ownership and Transactions

The following table shows the direct and indirect share ownership of the members of the Company's Board of Directors in AlAhli Takaful Company:

Table No. (4): AlAhli Board of Directors' ownership in AlAhli Takaful Company

Board of Directors	Nationality	Age	Position	Membership Status	The Entity he Represents	Before the capital increase		After the capital increase	
						Number of shares (shares)	Ownership Percentage (%)	Number of shares (shares)	Ownership Percentage (%)
Omar Mohammed Hashem	Saudi	54	Chairman of Board of Directors	Non-Executive	Saudi National Bank	None	None	None	None
Saleh Ahmed Hefni	Saudi	65	Deputy Chairman of the Board	Non-Executive	-	None	None	None	None
Jamal Jamil Malaikah	Saudi	66	Board Member	Independent	-	None	None	None	None
Wolfgang Gemuend	German	80	Board Member	Independent	-	None	None	None	None
Khaled Mohammed Bashnini	Saudi	56	Board Member	Non-Executive	Saudi National Bank	None	None	None	None
Tariq Hussein Linjawi	Saudi	47	Board Member	Independent	-	None	None	None	None
Mohammed Faraj Al-Kinani	Saudi	46	Board Member	Independent	-	None	None	None	None
Total						None	None	None	None

Source: Tadawul website and the Company

All members of the Board of Directors of AlAhli Takaful Company who are entitled to vote on the Merger resolutions in the Extraordinary General Assembly of AlAhli Takaful Company regarding the Merger Transaction will unanimity vote for approval of the resolutions proportional with the number of their shares.

The Board of Directors of AlAhli Takaful also confirms that:

- AlAhli Takaful does not currently own or control, or at any time during the twelve months preceding the date of publishing this Circular, any shares in the Arabian Shield Insurance Company.
- All of its members did not deal in the shares of AlAhli Takaful or the shares of the Arabian Shield Insurance Company during the twelve months preceding the date of this Circular.
- The absence of any ownership interests in AlAhli Takaful and Arabian Shield Insurance Company owned or controlled by: (1) AlAhli Takaful; (2) AlAhli Takaful Pension Fund; (3) any of the AlAhli Takaful advisors; or (4) any person acting in agreement with AlAhli Takaful.
- The absence of any ownership interests in AlAhli Takaful and the Arabian Shield Insurance Company owned or controlled by a person who has entered into an agreement on any compensation or option arrangement, or any arrangement, agreement or understanding, whether formal or informal, of whatever

nature, which may be an incentive for any person to keep, Transaction or refrain from Dealing in Ahli Takaful securities.

- AlAhli Takaful has not purchased or redeemed any of its shares during the twelve months preceding the publication of this Circular.
- There are is not ownership interests in AlAhli Takaful Company and the Arabian Shield Insurance Company, that is managed on the basis of discretionary power of a controlled, controlling, or even under the same control with AlAhli Takaful or any person acting in agreement with it; or with any “related advisor” with AlAhli Takaful or any person acting with or in agreement with them. The term “related advisor” means Falcom Financial Services Company or any one of AlAhli Takaful advisors in relation to the Merger, or any advisor who provides advice to a person acting in agreement with AlAhli Takaful in connection with the Merger Transaction, or a licensed person by the Saudi Capital Market Authority to practice securities activity for the interest of AlAhli Takaful, or with regard to the matter due to which the person is considered a party to act in agreement with AlAhli Takaful..

8 Substantial Contracts

During the two years preceding the start of the Offer period, with the exception of the Merger Agreement signed with the Arabian Shield Insurance Company, AlAhli Takaful did not conclude any substantial contracts outside the framework of the ordinary activity, with an amount of (10%) or more than AlAhli Takaful's revenues according to its financial statements for the fiscal year ending on 31 March 2021G.

8.1 Merger Agreement

On 02/12/1442H (corresponding to 07/12/2021G), Arabian Shield Insurance entered into a Merger Agreement with AlAhli Takaful Company, according to which the terms and conditions of the Merger and the obligations of the two companies regarding the implementation of the Merger Transaction were agreed upon. The Merger Agreement also includes a number of guarantees provided by each company to the other company.

The Merger Transaction is subject to the approval of both the shareholders of the Arabian Shield Company and AlAhli Takaful Company. Based on Paragraph (4) of Article (191) of the Companies Law, the shareholder who owns shares in both the Arabian Shield Company and AlAhli Takaful Company is not entitled to vote on Merger decisions except in the Extraordinary General Assembly of one of the two companies. For more information regarding the voting of shareholders in the Extraordinary General Assembly, please refer to Section (10) ("Procedures for Completing the Merger Transaction") of this Circular.

The following is a summary of the essential terms and conditions, preconditions or undertakings contained in the Merger Agreement, which are as follows:

8.1.1 Conditions Precedent

The Board of Directors of the Arabian Shield Insurance Company and the Board of Directors of AlAhli Takaful Company agreed that the Merger Transaction is subject to the completion of the following Conditions Precedent:

1. Obtaining the clearance / non-objection of the General Authority for Competition to proceed with the Merger Transaction; And
2. Obtaining the clearance/no objection of the Central Bank of Saudi Arabia proceed with the Merger in accordance with the terms of this Agreement; And
3. obtaining the pre-approval of Tadawul on the Listing Application prepared in accordance with the Listing Rules and filed concurrently with the Offering Application; and
4. Obtaining the approval of the CMA on the Offering Application, which shall include, among others, the submission of the Offer Document and the Shareholders' Circular drafted in line with the regulatory framework and timeframes of the M&A Regulations and Offering Regulations.

8.1.2 Conditions for Termination of Transaction/Merger Agreement

Unless the Board of Directors of the two companies agree otherwise in writing, the Merger Agreement shall expire either by the last date of agreed upon implementation under the agreement (which is 10/04/2022G) or on the date of the occurrence of any of the following conditions or events, whichever is earlier:

1. If any of the prerequisites set out in paragraph (8.1.1) above are not met.

2. Based on a joint and written approval between the Arabian Shield Cooperative Insurance Company and AlAhli Takaful Company to terminate the Merger Agreement.
3. Either company has the right, in the event that it is found that the other company has breached its obligation in terms of the guarantees given in the Merger Agreement, provided that this breach has led to a negative financial impact or damage with a total value of SAR (5 million) five million Saudi Riyal or more. The Merger Agreement includes declarations and pledges submitted by both Arabian Shield Insurance Company and AlAhli Takaful Company, knowing that these declarations and pledges are subject to the relative materiality criterion, meaning that the Arabian Shield Company or AlAhli Takaful Company will not be considered in breach of any declaration or pledge unless there is – or is likely to be – a Material Adverse Change on AlAhli Takaful Company or on the Arabian Shield Company due to the existence of any of the facts, events or circumstances, individually or collectively. These representations and undertakings include, among other things, the mutual undertakings and representations between the two companies regarding:
 - the capital structure of each company,
 - The powers and authorities of each company with regard to the implementation, completion and fulfillment of their obligations stipulated in the Merger Agreement,
 - Required approvals and authorizations,
 - The absence of any conflict between the obligations of each company under the Merger Agreement and those stipulated in its applicable founding documents, by-laws and contracts, or in any of the regulations, laws, controls, regulations, judgments, orders or decrees issued by any government entity wherein any of the the two companies are a party of or bound by it.
 - Validity of documents, including financial statements and other reports that are filed by each of the two companies with the competent authorities in the Kingdom of Saudi Arabia,
 - The absence of cases of default under contracts and agreements,
 - Preparing accounts in accordance with the accounting standards approved in the Kingdom of Saudi Arabia,
 - Keeping books and records in a complete and correct manner so that it give a fair picture of the events and Transactions,
 - The assets are free of any burdens and so that they are fully owned and subject to a good and proper repair process, and that they are in good operating condition and under the exclusive control of each of the two companies,
 - The absence of any liabilities that were not disclosed according to the disclosure letter issued by the Arabian Shield Company or AlAhli Takaful Company,
 - Taxes, zakat, value-added tax and related regulatory matters,

- Management of the activity exclusively by any of the two companies, in full compliance with the applicable laws and regulations, in addition to the absence of any contracts or agreements that are expected to have a Material Adverse Change on the activity,
- Matters relating to employee benefits and retirement programs, compliance with all labor and employment regulations and Saudization requirements, and the absence of any restrictive undertakings in employment contracts,
- Effective risk management tools,
- Litigation and related matters,
- Insurance matters,
- Compliance with all applicable laws and regulations related to combating money laundering and terrorist financing and its implementing regulations, when applicable, and combating bribery and corruption,
- Data protection,
- Matters relating to information technology,
- Matters related to intellectual property.

The term “Material Adverse Change ” means any event, change, impact, development, factual condition, circumstance or accident, individually or in the aggregate, which are: (1) considered significant and negative on the financial position and on the results of operations or activities of Arabian Shield and its subsidiaries as a whole or AlAhli Takaful Company and its subsidiaries as a whole, or (ii) would substantially impair, or substantially threaten, or impede the ability of Arabian Shield or AlAhli Takaful Company to perform their obligations under this Agreement; to a large extent, the completion of the procedures of the Merger Transaction and other transactions referred to in the Merger Agreement, bearing in mind that the following clauses will not be considered to have a significant negative effect:

- Changes in tax and insurance systems and other similar systems of general application and their interpretations by the courts or the competent governmental authorities, unless these changes have a disproportionate impact on the Arabian Shield Company or AlAhli Takaful Company, as the case may be, with regard to the overall effects of the insurance sector,
- Changes in generally accepted Saudi accounting principles or regulatory accounting requirements applicable to insurance companies, unless these changes have a disproportionate impact on the Arabian Shield Company or AlAhli Takaful Company, as the case may be, with regard to the overall effects on the insurance sector,
- Changes in economic conditions that affect financial institutions in general, including changes in interest rates prevailing in the market, availability of credit and liquidity, price levels or trading volume in the stock markets, unless these changes have a disproportionate impact on Arabian Shield Company or AlAhli Takaful Company, as the case may be, with regard to the overall effects on the insurance sector,
- Any amendments or changes to the valuation policies and practices related to the Merger in accordance with generally accepted accounting principles,

- Acts and omissions by the Arabian Shield Company or AlAhli Takaful Company, which are undertaken under the prior written consent of the other party as an expression of the transactions referred to in this agreement,
 - Any force majeure event, including but not limited to the outbreak or escalation of hostilities, war (whether declared or not), any terrorist act, earthquake, hurricane or natural disasters,
 - Failure of Arabian Shield Company or AlAhli Takaful Company to meet any financial forecast or any revenue forecast (whether made by Arabian Shield Company or AlAhli Takaful Company or any other person);
 - Public disclosure of this Agreement and its effect on relationships with customers or employees, or
 - The effects of compliance with this agreement on the operational performance of the two parties, including the expenses incurred by the two parties in the course of completing the procedures related to the transactions referred to in this agreement.
4. Either company shall have the right, in the event that it is found that the other company has breached its obligation in terms of not to induce, encourage, direct or solicit any discussions or negotiations with any company or other party in relation to another Merger or similar transaction, or taking any other action that may affect the ability of the two companies to complete the Merger Transaction.
 5. In the event of a breach, non-compliance or failure of the other company with a number of obligations contained in the Merger Agreement, either of the two companies has the right to (1) disclose any situation or circumstance that occurs after signing the Merger Agreement that constitutes or is likely to constitute a breach of the guarantees of the correctness and accuracy of information disclosed by the management of the two companies prior to signing the agreement; (2) not to take any action that has a negative impact on the business, assets and positive goodwill of the company; (3) not to assign or acquire any assets that may have a negative impact on the Company's business; (4) not to take any action that would create restrictions or mortgages on the Company's assets; (5) Non-distribution of profits; (6) in the event of a negative material change, as shown in 2.6.2.
 6. In the event of any situation or circumstance constituting a force majeure outside the control of either of the two companies (for example, but not limited to the occurrence of a revolution, war, civil unrest, acts of riots, terrorist attack, public enemy act, siege, embargo, sabotage, threat to incite war, severance of diplomatic relations, fires, explosion, storm, hurricane, flood, earthquake, a state of stagnation, an epidemic or other natural disasters, and a power outage), and the effects of this force majeure continue for a period of time not less than two months.
 7. In the event of a judgment, judicial order, decree, or decision issued by any governmental authority, court, or any regulating body with it and for any jurisdiction that decides not to continue the Merger between the two companies, and this judgment, order or decree is final and not subject to objection.
 8. Issuance of a system that makes the continuation of the Merger or transaction illegal.

8.1.3 Break-up (Termination) Fee

It was agreed to set termination fees in the amount of SAR (3.75) million, which represent a pre-agreed estimate of the entire cost of legal, financial and actuarial assistance and all other expenses incurred by either Party in

connection with the Merger. The termination fee shall be paid by one of the two companies to the other company in any of the following cases:

1. In the event that the Board of Directors of either company fails to recommend the Merger to the company's shareholders to vote in favor of the Offer, or if withdraws or materially modifies its recommendation to proceed with the Merger as reflected and specified in the Offer Document and the Merger Agreement.
2. In the event of failure to take all steps within its power each of the two companies which are appropriate or necessary to implement the Merger Transaction within a period not exceeding the last date of implementation agreed upon, which is 10/04/2022G, except for the steps that the Board of Directors of one of the two companies had agreed in writing not to be taken by the other company's Board of Directors.
3. In the event that one of the two companies is found to have breached its obligation not to induce, encourage, direct or solicit any discussions or negotiations with any company or other party in relation to another Merger or similar transaction, and this led to the withdrawal or termination of the Offer of the Arabian Shield Company.
4. In the event of a material, adverse change in either of the two companies, (which is any circumstance, event, series of circumstances or events that results in a decrease of (15%) or more in the total book value of the two companies), or the inability of the two companies to agree to proceed with the transaction or their inability to agree on a new Swap Ratio after negotiation.
5. In the event that AlAhli Takaful Company carries out any of the following acts in violation of Paragraph (a) of Article (36) of the Merger and Acquisition Regulations, during the period of the Arabian Shield Company's Offer and without the approval of the General Assembly of Shareholders of AlAhli Takaful Company:
 - Issuance of any authorized unissued shares;
 - Issue or grant rights in connection with any unissued shares;
 - Creating or permitting the creation or issuance of any securities convertible into shares or shares subscription rights;
 - Selling, disposing of, or merging, or agreeing to sell, dispose of or merge, in any assets of a value equal to (10%) or more of the net assets of AlAhli Takaful Company according to the latest audited financial statements, or audited annual financial statements, whichever is later, whether by a single transaction or several transactions;
 - AlAhli Takaful Company's purchase of its shares; or
 - Concluding contracts outside the framework of the normal activity of AlAhli Takaful Company.
6. In the event that AlAhli Takaful Company does not comply with its obligation to pay its current debts or provide sufficient guarantees to fulfill the forward debts towards any of the creditors who object to the Merger Transaction during within the period of (30) days of the creditors objection as stipulated in Article (193) of the Companies Law.
7. In the event of a breach (or several breaches) of the guarantees given by the two companies and set out in the Merger Agreement based on the information disclosed by the two companies in the course of the transaction,

provided that the total value of the damage or financial impact resulting from such breach or breaches has resulted in a negative effect or damage of five million SAR (5) or more.

8.1.4 Governance of the Merged Company After Completion of the Merger Transaction

It was agreed between AlAhli Takaful Company and the Arabian Shield Insurance Company, according to the Merger Agreement, on the proposed changes to the Board of Directors after the completion of the Merger Transaction, which is the continuation of the six existing members of the Arabian Shield Company in their mandate as members of the Board of Directors. Thus, the articles of association of the Arabian Shield Company shall be amended to increase the number of members of the Merged Company's Board of Directors to eight (8) members. This will occur through the appointment of two additional members to the board, provided that they are appointed by the Merged Company after the completion of the Merger Transaction and that the two members are nominated by AlAhli Takaful Company and they are as follows:

TABLE NO. (5): CANDIDATES OF ALAHLI TAKAFUL COMPANY IN THE BOARD OF DIRECTORS OF THE MERGED COMPANY

Name	Position	Membership Status
Omar Sufian Yassin	Member of the Board of Directors	Non-Executive
Mohammed Faraj Al-Kinani	Member of the Board of Directors	Independent

Source: Merger Agreement

It should be noted that they will be appointed after obtaining the approval of the Saudi Central Bank, and the approval of the Merged Company must be approved by the Ordinary General Assembly. the current members of the Board of Directors of the Arabian Shield Company are as follows:

TABLE NO. (6): MEMBERS OF THE BOARD OF DIRECTORS OF THE ARABIAN SHIELD COMPANY

Name	Position	Membership status
His Highness Prince/ Nayef bin Sultan bin Mohammed bin Saud Al Kabeer	Chairman of Board of Directors	Non-Executive
Samir Ibrahim Al-Wazzan	Deputy Chairman of the Board	Non-Executive
Abdullah bin Abdul Rahman Al Obeikan	Member of the Board of Directors	Non-Executive
Turki bin Nasser Al-Mutawa	Member of the Board of Directors	Non-Executive
Raed Bin Ali Al-Saif	Member of the Board of Directors	Independent
Mohammed bin Ahmed bin Ali	Member of the Board of Directors	Independent

Source: Tadawul

It is also worth noting that it was agreed between the two companies that the senior management of the Merged Company after the Merger and after obtaining the required approvals will be as follows:

TABLE NO. (7): COMPANY'S SENIOR MANAGEMENT

Name	Position
Basil bin Abdullah Al-Abdulkarim	chief executive officer
Abdul Rahman bin Saleh Al-Obrah	Deputy Chief Executive Officer and Chief Operating Officer
Mohamed Aqeel	Chief Technical Officer
Mohamed Atef	Chief Financial Officer

Source: the Merger Agreement signed on 02/12/1422H (corresponding to 12/07/2021G)

It is also worth noting that the Merged Company will absorb all AlAhly Takaful employees within the Merged Company after the Merger. The Merger Transaction, once completed, will not result in any layoffs for any of AlAhli Takaful Company employees.

8.1.5 Summary of the Conditions for Completing the Merger Transaction

The Merger Transaction is subject to the following conditions:

1. No objection from the General Authority for Competition on Economic Concentration resulting from the transaction; the Saudi Central Bank's no objection to the Merger Transaction and to increase the capital of the Arabian Shield Insurance Company; the Capital Market Authority's approval of the request of the Arabian Shield Insurance Company to register and Offer shares of the capital increase of the Arabian Shield Insurance Company and to publish the Offer Document; and Tadawul's approval of the request to list the new shares of Arabian Shield Insurance Company in Tadawul in accordance with the listing rules.
2. The commitment of the Board of Directors of the Arabian Shield Insurance Company, the Board of Directors of AlAhli Takaful Company and the executive directors to all provisions of the Merger Agreement, and not to be terminated by any of the two companies in the event of any of the cases of the negative material change described in Paragraph 2-6-2 of this document, and not to violate any of the provisions of the Merger Agreement, and to abide by all laws and regulations in force in the Kingdom.
3. Approval of the Extraordinary General Assembly of the Arabian Shield Insurance Company on: 1. Terms and conditions of the Transaction; 2. Increasing the capital of the Arabian Shield Insurance Company by issuing (23,852,462) new shares in favor of all shareholders of AlAhli Takaful Company; 3. Approving the articles of association of the Arabian Shield Insurance Company; 4. Authorizing the Board of Directors of the Arabian Shield Insurance Company to take all necessary measures to complete the transaction, with noting that the Merger and Acquisition Regulations stipulated that the Merger must be completed, without prejudice to the provisions of the Companies Law, that it should be approved by a number of shareholders in the Merged and Merged Company owning at least (75%) of the shares represented during the Extraordinary General Assembly meeting, whether the first, second or the third, either in person or by proxy, or by remote voting.
4. Approval of the Extraordinary General Assembly of AlAhli Takaful Company on: 1. The Offer submitted by the Arabian Shield Insurance Company in relation to the Merger Transaction; 2. Obtaining shares in the Arabian Shield Insurance Company in implementation of the Merger Transaction, by swabbing securities amounting to (1.43114769137705) shares in the Arabian Shield Insurance Company for each share owned in AlAhli Takaful Company without paying any cash consideration; and 3. Authorizing the Board of Directors of AlAhli Takaful Company to take all necessary measures to complete the transaction. Noting that the Merger and Acquisition Regulations stipulated for the completion of the Merger, without prejudice to the provisions of the Companies Law, that its should be approved by a number of shareholders in the Merged and Merged Company owning at least (75%) of the shares represented during the Extraordinary General Assembly meeting, whether the first or second or third, either in person or by proxy, or by remote voting.
5. Expiry of the Creditors Objection Period without any of the creditors submitting an objection to AlAhli Takaful Company to the Merger Transaction, or if any of the creditors submitted an objection during the aforementioned period, that AlAhli Takaful Company pays the debt if it is immediate or provides a sufficient guarantee to fulfill it if it is later.

6. Completion of the transaction before the date agreed upon in the Merger Agreement, which is 10/05/2022, unless both Arabian Shield Insurance Company and AlAhli Takaful Company agree in writing to amend the Merger Agreement in terms of extending the date of completion of the transaction.
7. The obligation of each of the parties until the date of the completion of the Merger Transaction: 1. Not to breach any of the guarantees' 2. Not to make any changes or take any decisions that have a negative impact on the assets and business of the company; 3. Not to act or agree to acquire any asset except for the ordinary matters or those in the course of the Merger; 4. Not to place any burdens on the company's assets, 5. To take all necessary precautions to prevent any expected event that could have a negative impact on the financial condition or assets of the company; 6. Ensure the continuity and non-expiration of reinsurance agreements; 7. Obtain the prior written consent of the other party in relation to transactions outside the course of normal activity; and 8. Allow representatives and advisors of the other party to view the required documents related to the Merger.
8. The obligation of each of the parties, starting from the date of signing until the date of the completion of the Merger Transaction, to inform the other party in writing within three (3) working days if any of the following matters occur before: 1. Distributing any profits; 2. Entering into a new loan agreement or repaying any loan, including shareholder loans (if any); 3. Entering into any new related party transactions; 4. Concluding, modifying or terminating any material agreements in excess of two million Saudi Riyal (including agreements concluded in the course of normal business operations); 5. Incurring any financial expenditure on any individual item in excess of two million Saudi Riyal; 6. Making any material modifications to the terms and conditions of employment (including benefits) of any executive directors, directors or employees, or contracting or agreeing to employ any executive directors; 7. Terminate the contract of any principal or executive director, and 7. Creating any burden on any of the assets or undertakings.
9. The commitment of each of the parties from the date of signing until the date of the completion of the Merger Transaction: 1. Not to take any action (whether direct or indirect) to encourage, direct, or seek any discussions or negotiations with any company or other party in relation to another Merger or a similar Transaction, or taking any other action that may affect the ability of the two companies to complete the Merger Transaction; 2. Full cooperation to obtain all the necessary approvals to complete the Merger Transaction.
10. Any court, regulatory agency, authority, or governmental institution in the Kingdom shall not take, or demand to take, any action, or propose an amendment to the regulations, laws or procedures after the date of the announcement, which leads, or is expected to lead to any of the following: a. Making this transaction, or its execution, or the Merger with AlAhli Takaful Company, void, illegal, or unenforceable under the laws of the Kingdom, or preventing, prohibiting, restricting, limiting, delaying, interfering, directly or indirectly, in executing, and imposing additional conditions or obligations in this regard, hindering, obstructing or interfering with the Transaction, or demanding a modification of the Transaction or the acquisition of any of these securities by Arabian Shield Insurance Company.
11. Non-occurrence of any situation or circumstance constituting a force majeure beyond the control of the two companies for a period of no less than two months.



9 Zakat and Tax

The Merger Transaction may have Zakat and tax effects on the AlAhli Takaful shareholders, and in case there is any doubt about their Zakat or tax conditions, we recommend that they consult immediately with a professional independent advisor.



10 Procedures Necessary to Complete the Merger Transaction

Subject to fulfilling all the conditions stipulated in the Merger Agreement, the main procedures required to complete the Merger Transaction are as follows:

10.1 Regulatory approvals required to complete the Merger Transaction

To complete the Merger Transaction, a number of legal procedures and approvals are required to be obtained from the regulatory authorities as follows:

- Obtaining no objection from the General Authority for Competition to the economic concentration resulting from the Merger Transaction. A no-objection was obtained from the General Authority for Competition on 29/12/1442H (corresponding to 08/08/2021G).
- Obtaining no objection from the Central Bank of Saudi Arabia to the Merger Transaction and increasing the capital of the Arabian Shield Insurance Company. A no-objection was obtained from the Saudi Central Bank on 20/03/1443H (corresponding to 26/10/2021G).
- Obtaining Tadawul approval to list the shares issued to the shareholders of AlAhli Takaful Company, according to the process of increasing the capital of Arabian Shield Insurance Company. Tadawul approval was obtained on 25/03/1443H (corresponding to 31/10/2021G).
- Obtaining the approval of the Capital Market Authority on the request to increase the capital of Arabian Shield Insurance Company and publishing the Offer Document. The approval of the Capital Market Authority was obtained on 05/04/1443H corresponding to 10/11/2021G.
- Obtaining the approval of the Capital Market Authority to invite the Extraordinary General Assembly of Arabian Shield Insurance Company and AlAhli Takaful Company - each separately - regarding the Merger Transaction.

10.2 Extraordinary General Assembly Meetings

In addition to the statutory approvals mentioned in Section No. (7-2) of the Offer Document, to complete the Merger Transaction, a number of approvals must be obtained from the shareholders of Arabian Shield Insurance Company and the shareholders of AlAhli Takaful Company within the Extraordinary General Assembly meetings of the two companies, as follows:

10.2.1 Extraordinary General Assembly Meetings of Arabian Shield Insurance Company

First meeting:

The quorum for the Extraordinary General Assembly of Arabian Shield Insurance Company is achieved through the presence of shareholders in Arabian Shield Insurance Company who own a number of shares representing half of the capital of Arabian Shield Insurance Company, either in person or proxy, or by remote voting. In the event that the Transaction is approved by a vote of the shareholders owning at least three quarters of the shares represented in the Extraordinary General Assembly of Arabian Shield Insurance Company, either in person or by proxy, or by remote voting, the Merger Transaction will be considered approved by Arabian Shield Insurance Company and the capital increase will be approved, provided that this increase becomes effective after the approval of the Extraordinary General Assembly of AlAhli Takaful Company to approve the Merger Offer and after the elapse of the Creditors' Objection Period, or the settlement of all creditors' objections to the Merger Transaction (whichever comes later) in accordance with the provisions of the Companies Law.

Second meeting:

If the quorum required for the first Extraordinary General Assembly of Arabian Shield Insurance Company is not achieved, a second meeting of the Extraordinary General Assembly of Arabian Shield Insurance Company will be called (the “Second Extraordinary General Assembly of Arabian Shield Insurance Company”). The second meeting may be held an hour after the end of the period specified for convening the first meeting, provided that the invitation to hold the first meeting indicates the possibility of holding this second meeting. In this second meeting, the quorum is achieved by the presence of a number of shares representing a quarter of the capital of Arabian Shield Insurance Company, either in person, by proxy, or by remote voting. In the event that the Transaction is approved by a vote of the shareholders owning at least three quarters of the shares represented in the Extraordinary General Assembly of the Arabian Shield Insurance Company, either in person or by proxy, or by remote voting, the Merger Transaction will be considered approved by the Arabian Shield Insurance Company. The capital increase will be approved, provided that this increase becomes effective after approval of the Extraordinary General Assembly of AlAhli Takaful Company, and after the elapse of the Creditors’ Objection Period or the settlement of all creditors’ objections to the Merger Transaction (whichever comes later) in accordance with the provisions of the Companies Law.

Third meeting:

If the quorum required to hold the second Extraordinary General Assembly of Arabian Shield Insurance Company is not achieved, a third meeting of the Extraordinary General Assembly of the company will be called (“The Third Extraordinary General Assembly of Arabian Shield Insurance Company”) after obtaining the approval of the Capital Market Authority. The quorum is achieved in this meeting, regardless of the number of Arabian Shield Insurance Company shareholders represented therein, either in person, by proxy, or by remote voting. In the event that the Transaction is approved by a vote of the shareholders owning at least three quarters of the shares represented in the Extraordinary General Assembly of the Arabian Shield Insurance Company, either in person, by proxy, or by remote voting, the Merger Transaction will be considered approved by Arabian Shield Insurance Company and the capital increase will be approved. This increase shall become effective after the approval of the Extraordinary General Assembly of AlAhli Takaful Company to the Merger Offer and after the elapse of the Creditors’ Objection Period or the settlement of all creditors’ objections to the Merger Transaction (whichever comes later) in accordance with the provisions of the Companies Law.

Shareholders of Arabian Shield Insurance Company who are unable to attend in person the Extraordinary General Assembly of Arabian Shield Insurance Company (or the second or third meeting of the Extraordinary General Assembly if necessary), can vote remotely according to the mechanism described in Section 9-2 of the Offer Document or delegate another person to vote on their behalf at the meeting. It is also worth noting, based on the provisions of clause (4) of Article (191) of the Companies Law, that a shareholder who owns shares in both Arabian Shield Insurance Company and AlAhli Takaful Company is not entitled to vote on the Merger decisions except in the Extraordinary General Assembly of one of the two companies.

10.2.2 Extraordinary General Assembly of AlAhli Takaful Company

First meeting:

The quorum for the meeting of the Extraordinary General Assembly of AlAhli Takaful Company is achieved through the presence of shareholders in AlAhli Takaful Company who own a number of shares representing half of the capital of AlAhli Takaful Company, either in person, by proxy, or by remote voting.

At this meeting, the Transaction will be approved in the event of a vote in its favor by AlAhli Takaful Company shareholders who own at least three-quarters of the shares represented at the meeting, either in person, by proxy, or by remote voting.

Second meeting:

If the necessary quorum for the first Extraordinary General Assembly meeting of AlAhli Takaful Company is not achieved, a second meeting of the Extraordinary General Assembly of the company will be called (“AlAhli Takaful Company’s Second Extraordinary General Assembly Meeting”). The second meeting may be held an hour after the end of the period specified for convening the first meeting, provided that the invitation to hold the first meeting includes evidence of the possibility of holding this second meeting. In this second meeting, the quorum is achieved by the presence of a number of AlAhli Takaful Company shareholders, either in person, by proxy, or by remote voting, who own a number of shares representing at least a quarter of the capital of AlAhli Takaful Company. In the event that shareholders owning at least three-quarters of the shares represented in the second Extraordinary General Assembly of AlAhli Takaful Company vote, either in person, by proxy, or by remote voting. The Merger Transaction will be considered approve by AlAhli Takaful Company if shareholders voted in its favor.

Third meeting:

If the quorum required to hold the second Extraordinary General Assembly of AlAhli Takaful Company is not achieved, a third meeting of the Extraordinary General Assembly of the company will be called (“The Third Extraordinary General Assembly of AlAhli Takaful Company”) after obtaining the approval of the Capital Market Authority. The quorum is achieved in this meeting, regardless of the number of AlAhli Takaful Company shareholders represented therein, either in person, proxy, or by remote voting. At this third meeting, the Transaction will be approved in the event of a vote in favor of it by AlAhli Takaful Company shareholders who own at least three-quarters of the shares represented in this meeting, either in person or by proxy, or by remote voting.

AlAhli Takaful Company shareholders who are unable to attend in person the meeting of the Extraordinary General Assembly of AlAhli Takaful Company (or the second or third meeting of the Extraordinary General Assembly if necessary) may vote remotely or delegate another person to vote on their behalf at the meeting.

10.3 Voting Remotely

According to the requirements of the Capital Market Authority regarding voting in the extraordinary general assemblies, and the desire of AlAhli Takaful Company and the Arabian Shield Insurance Company to give the largest number of shareholders the opportunity to vote on the decisions to be proposed at the Extraordinary General Assembly meeting of both companies, including the decision to increase the capital of the Arabian Shield Insurance Company for the purpose of Merger and the decision to vote on the Offer of the Arabian Shield Insurance Company to approve the Transaction by the shareholders of AlAhli Takaful Company, the remote voting mechanism will be approved by the shareholders through “Tadawulaty” service, which is a service provided by the Saudi Stock Exchange (Tadawul) that allows shareholders in listed companies to register and vote electronically on the proposed decisions during the companies' general assembly meetings. One can register in "Tadawulaty" service in one of the following ways:

- 1- Through the shareholder’s account for electronic trading without the need for personal attendance, by registering on the website of the “Tadawulaty” system. For more information, please visit the following link: <https://login.tadawulaty.com.sa/ir/user/login.xhtml?lang=ar>
- 2- Through brokerage companies (i.e., Authorized Persons) with which the shareholder owns a portfolio for investment activities.

The remote voting period for the shareholders of Arab Shield Insurance Company on the decision to increase the capital of the Arabian Shield Insurance Company for the purpose of merging with AlAhli Takaful Company is as follows: As of ten o’clock in the morning of the twenty-second day after approval of the Capital Market Authority to

publish the Offer Document until now four o'clock in the afternoon of the twenty-fifth day after approval of the Capital Market Authority to publish the Offer Document.

The period of remote voting for the shareholders of AlAhli Takaful Company on the current Offer regarding the merger of AlAhli Takaful Company in the Arabian Shield Insurance Company and transfer all of its assets and liabilities to Arab Shield Insurance Company is as follows:

As of ten o'clock in the morning of the twenty-second day after approval of the Capital Market Authority to publish the Offer Document until four o'clock in the afternoon of the twenty-fifth day corresponding to 05/05/1443H (corresponding to 09/12/2021G) after approval of the Capital Market Authority to publish the Offer Document.

The terms and conditions of remote voting that must be taken into consideration before commencing the remote voting process are as follows:

- 1- Remote voting will be counted within the quorum of the General Assembly held in this regard and when relevant decisions are taken.
- 2- The vote will be circulated to all shares owned or will be owned by the shareholder in Al Ahli Takaful, whether in the investment portfolio through which the vote was taken or through others.
- 3- The last vote of the shareholder cancels the previous votes.

All necessary measures will also be taken to ensure that all those who voted remotely own the voting shares on the date of the Extraordinary General Assembly held in this regard, including the exclusion of votes related to shares that were sold entirely or partially during the remote voting period.

If the Transaction is approved by the shareholders of AlAhli Takaful Company and the shareholders of the Arabian Shield Insurance Company and after the implementation of the Merger decision, the listing of AlAhli Takaful Company shares will be canceled on Tadawul. All AlAhli Takaful Company shareholders, including those who did not vote on the proposed resolutions to approve the Transaction, or those who voted against it, will receive new shares in Arabian Shield Insurance Company in accordance with the terms and conditions of this Offer.

10.4 Creditors Objection Period

After obtaining the statutory approvals mentioned in Section No. (10.1) of this Circular, and after obtaining the approval of the Extraordinary General Assembly of both Arabian Shield Insurance Company and AlAhli Takaful Company in accordance with the mechanism specified in Section No. (10.2) of this Circular, each of the two companies will publish the decisions of the Extraordinary General Assembly. The announcement will indicate the right of any creditor of AlAhli Takaful Company to object to the Merger Transaction by sending a registered letter to the head office of AlAhli Takaful Company within thirty days from the date of publishing the results of the Extraordinary General Assembly regarding meeting about the Merger Transaction.

According to the Companies Law, the Merger decision shall not be effective until thirty (30) days have elapsed from its announcement without receiving any objection from any of AlAhli Takaful Company's creditors to the Merger Transaction. In the event that any of the creditors submit their objection within the aforementioned period, the Merger will be suspended until the creditor relinquishes his objection or until AlAhli Takaful Company pays the debt if it is immediate or provides a sufficient guarantee to fulfil it if it is deferred.

After the Creditors' Objection Period has expired, AlAhli Takaful Company will announce on the Saudi Tadawul website the result of that period as follows:

- There were no objections received during that period, or objections were received but were withdrawn or settled, or the competent court rejected the creditor's request to stop the Merger; or
- Clarifying the details of the objections received, and have not yet been settled and still exist, according to what is agreed upon with Arabian Shield Insurance Company. In this case, AlAhli Takaful Company, after the settlement of all received objections, will announce this on the Tadawul website.

10.5 Closing the Merger Transaction

After the end of the Creditors' Objection Period or the date on which all the creditors' objections to the Merger Transaction are settled (whichever comes later), the Merger decision will become effective and Arabian Shield Insurance Company will issue shares to the shareholders of AlAhli Takaful Company who are registered in the shareholders register of AlAhli Takaful Company during a period not less than the second trading period after enforcement of the Merger decision and not exceeding the sixth trading period after enforcement of the Merger decision. All assets and obligations of AlAhli Takaful Company will be transferred to Arabian Shield Insurance Company and Arabian Shield Insurance Company will continue to exist, while AlAhli Takaful Company will expire, all its shares will be cancelled, its commercial registration will be written off, all licenses issued to it will be cancelled. Arabian Shield Insurance Company will also announce the entry into force of the Merger decision at the time.



11 Additional Information

The Offer Document includes additional information related to the Merger Transaction. Therefore, it should be read carefully before taking any decision to vote in favor of the decisions presented in the Extraordinary General Assembly of AlAhli Takaful Company related to the Merger Transaction.

This reference should not be interpreted as that the members of the Board of Directors of AlAhli Takaful Company bear, whether jointly or individually, any responsibility towards the shareholders of AlAhli Takaful in relation to the information contained in the Offer Document, and accordingly, the members of the Board of Directors of AlAhli Takaful Company, jointly or individually, do not provide any assurances or representations, expressed or implied, as to the correctness and completeness of the information contained in the Offer Document other than the information provided by themselves.



12 Waivers

AlAhli Takaful Company has submitted a request for exemption under paragraph (b) of Article (36) of the Merger and Acquisition Regulations issued by the Board of the Capital Market Authority, which states (that the proposed termination fees shall be of a limited value and shall not exceed (1%) of the value of the Offer), as the current termination fees exceeds (1%) of the nominal transaction value and is estimated at about (1.3%) of the total nominal transaction value due to the increase in the costs related to the Merger Transaction.

13 Documents Available for Inspection

Copies of the following documents will be available for inspection at the head office of AlAhli Takaful Company, Jeddah - Prince Sultan Street - Khalidiya Business Center, P.O. Box: 48510 Jeddah 21582, Kingdom Saudi Arabia, Tel: +901199966126, Fax: +901377966126, from Sunday to Thursday from 8:00 in the morning until 5:00 in the evening, with the exception of official holidays in the Kingdom of Saudi Arabia, from the date of publishing the Offer Document until the end of the Offering Period:

- Articles of Association of AlAhli Takaful Company and Shield Cooperative Insurance Company.
- The audited financial statements of AlAhli Takaful Company and Shield Cooperative Insurance Company for the financial years ending on December 31, 2018, 2019 and 2020G and the interim financial statements for both companies for the 3-month period ending on 31 March 2021G.
- The Merger Agreement concluded between Shield Insurance Company and AlAhli Takaful Company (in English), dated 02/12/1442H (corresponding to 12/07/2021G).
- Consent letters of the advisors for the use of their names, logos and statements in this Document.
- Assessment report and implicit value reports for the insurance portfolio of AlAhli Takaful Company
- Termination fee documents.



14 Conclusion

The Board of Directors of Ahli Takaful supported the Merger Transaction and submitted its recommendation in this regard. We call the Board of Directors of Ahli Takaful to attend the Extraordinary General Meeting and we recommend voting in favor of the resolution presented at the meeting on the assumption that the financial position of the Arabian Shield Insurance Company will not suffer any fundamental or material deterioration after the date of publishing this Circular.

Omar Mohammed Hashem
Chairman of AlAhli Takaful Company

15 Appendices

Fairness Opinion submitted by financial Advisor regarding the Swap

APPENDICES 1 :FAIRNESS OPINION PROVIDED BY THE FINANCIAL ADVISOR

Date: 03/12/1442H
Corresponding to: 13/07/2021G

AlAhli Takaful Company

Gentlemen/ Members of the Board of Directors,

Whereas, **AlAhli Takaful Company** intends to merge with **the Arabian Shield Cooperative Insurance Company** (hereinafter referred to as the “**Arabian Shield Company**”) by offering to exchange securities for the purchase of all shares in the capital of AlAhli Takaful Company (the “**Transaction**”), through the process of increasing the capital of the Arabian Shield Company by issuing new ordinary shares (“**New Shares**” or “**Compensation Shares**”) for the benefit of the shareholders of AlAhli Takaful Company in accordance with the rules and regulations of the Capital Market Authority (“**CMA**”), the Companies Law and the Competition Law and its implementing regulations issued by a decision of the Competition Board of Directors; and with reference to your request to provide AlAhli Takaful Company with the opinion of **Falcom Financial Services Company** (hereinafter referred to as the “**Financial Advisor**”) as a financial advisor to AlAhli Takaful Company regarding the fairness of the Swap Ratio (hereinafter referred to as the “**Swap Ratio**”), and in accordance with Article (18) of the Merger and Acquisition Regulations (the “**Regulations**”), we, through this letter, would like to provide you with our opinion regarding the fairness of the Swap Ratio referred to in the Merger Agreement with the Arabian Shield Company signed on 02/12/1442H (corresponding to 12/07/2021G) (“**Merger Agreement**”); and whereby under the Merger Agreement, Arabian Shield Company will issue (23,852,462) twenty-three million eight hundred and fifty-two thousand four hundred and sixty-two new ordinary shares with a total nominal value of (238,524,620) two hundred and thirty-eight million five hundred twenty-four thousand six hundred Twenty Saudi Riyal in return for the purchase of all shares in the capital of AlAhli Takaful Company, where one (1) share will be issued in the Arabian Shield Company for every (0.698739903662775) share owned in AlAhli Takaful Company (the “**Swap Ratio**”), which will result in a capital increase of Arabian Shield Company from (400,000,000) four hundred million Saudi Riyal to (638,524,620) six hundred and thirty-eight million five hundred and twenty-four thousand six hundred and twenty Saudi Riyal, and an increase in the number of shares from (40,000,000) forty million shares to (63,852,462) sixty-three million eight hundred and fifty-two thousand four hundred and sixty-two shares.

With regard to providing this opinion, the scope of review and the main assumptions on which Falcom Financial Services relied upon include, but are not limited to:

1. Reviewing the audited financial statements of AlAhli Takaful Company and Arabian Shield Company for the financial years ending on December 31, 2018G, December 31, 2019G and December 31, 2020G. In

addition to the interim financial statements of each of the two companies for the three-month period ending on March 31, 2021G.

2. Reviewing the necessary professional financial, legal, actuarial and tax due diligence reports for each of AlAhli Takaful Company and the Arabian Shield Company prepared by other independent consultants.
3. Reviewing the reports of assessing the embedded value of each of the portfolio of Takaful insurance policies for protection and savings insurance of AlAhli Takaful Company prepared by other independent consultants.
4. Reviewing the Merger Agreement and memoranda of understanding signed between AlAhli Takaful Company and the Arabian Shield Company

For the purposes of providing this opinion, we at Falcom Financial Services have approved with your consent and assumed the accuracy, validity and completeness of all data, information, financial, legal, regulatory, tax and accounting documents and other information provided to us, discussed with us or viewed by us. Accordingly, Falcom Financial Services does not bear any responsibility for the correctness, accuracy and completeness of the data, information and documents submitted to it, especially those data, information and documents obtained from external sources, although the financial advisor has no reason to believe that these data, information and documents are inaccurate. In essence, however, these data, information and documents have not been independently verified by the financial advisor, and therefore there is no assurance or guarantee regarding the correctness or completeness of any of these data, information and documents. Falcom Financial Services Company also assumed that there has been no fundamental change in the financial condition, assets and liabilities of AlAhli Takaful Company and Arabian Shield Company, and Falcom Financial Services Company assumed that there are no other events which if not included may lead to making any statement contained therein misleading. Also, Falcom Financial Services Company assumed that all governmental, regulatory and other approvals necessary to complete the transaction would be obtained, without this having any negative impact on AlAhli Takaful Company and the Arabian Shield Company.

Our opinion does not cover the decision taken by AlAhli Takaful Company to enter into the Transaction; Our opinion also does not address any aspects related to the validity or fairness of the legal or financial structure involved in the transaction, and this opinion Transactions only with the fairness of the Swap Ratio from a financial point of view for AlAhli Takaful Company under the Merger Agreement as on the date set out in this letter.

Falcom Financial Services Company, in its capacity as the financial advisor to AlAhli Takaful Company in connection with the transaction, will charge AlAhli Takaful Company a professional fee for the services provided by Falcom Financial Services that include this opinion. The financial advice services provided by us, and our opinion are provided for the purpose of being used by the Board of Directors of AlAhli Takaful Company only to assist it in connection with the evaluation of the Merger Transaction and for related purposes. This opinion does not constitute a recommendation as to how any holder of AlAhli Takaful Ordinary Shares should vote in connection with the Transaction or any other matter and may not be relied upon or used by third parties without the prior written consent of Falcom Financial Services. We have given our consent to include this opinion in the shareholders Circular that AlAhli Takaful Company will publish in connection with the Merger Transaction.

Based on the foregoing, Falcom Financial Services considers that the Swap Ratio in accordance with the agreement, as at the date of this letter, is fair to AlAhli Takaful Company from a financial point of view.

Best regards,

Falcom Financial Services Company



شركة الأهلي للتكافل
ALAHLI TAKAFUL COMPANY

