إتحاد الخليج الأهلية للتأمين التعاوني
GULF UNION AL AHLIA COOPERATIVE INSURANCE

Extraordinary General Assembly Meeting

Which include the increase of the company's capital

Gulf Union Al Ahlia Cooperative Insurance

Wednesday 20/04/2022 - 19/09/1443 H

10:00 PM - Through Modern Technology

إتحاد الخليج الأهلية للتأمين التعاوني
GULF UNION AL AHLIA COOPERATIVE INSURANCE

Gulf Union Al Ahlia Cooperative Insurance Co. invites its Shareholders to attend the Extraordinary General Assembly Meeting which include the increase of the company's capital

(First Meeting)

Board of Directors of Gulf Union Al Ahlia Cooperative Insurance Company is pleased to invite its esteemed shareholders to participate and vote in the Extraordinary General Assembly Meeting (First Meeting) which include the increase of the company's capital, through modern technology, On Wednesday 20/04/2022 G corresponding to 19/09/1443 H at 10:00 PM	**Introduction**
Head Office of the company in the city of Dammam - Al-Khalidiya Al-Janubiyah - Salman Al-Farsi Street - Unit 1,2,3 of Q2 in the Business District, through modern technology, Using Tadawulaty Platform only for electronic voting.	**City and Location of the Extraordinary General Assembly's Meeting**
https://goo.gl/maps/FSnGoeczSGUBtPNy7	**URL for the Meeting Location**
20/04/2022 G corresponding to 19/09/1443 H	**Date of the Extraordinary General Assembly's Meeting**
10:00 PM	**Time of the Extraordinary General Assembly's Meeting**
Shareholders Registered in the Company's Shareholders Registry in the Depository Centre At the End of the Trading Session Preceding the General Assembly's Meeting as per Laws and Regulations has the right to attend the general assembly meeting.	**Attendance Eligibility**
According to Article (33) of the Company's bylaw, the Extraordinary General Assembly meeting is valid if it is attended by shareholders representing at least a Half of the capital, and if the mandatory quorum is not available to hold this meeting, the second meeting will be held an hour after the end of the period specified for the first meeting, and the second meeting is valid if it is attended by shareholders representing at least a Quarter of the capital	**Quorum for Convening the Extraordinary General Assembly's Meeting**
Attached	**Meeting Agenda**
Attached	**Proxy form**

All shareholders registered in Tadawulaty will be able to remotely vote on the items of the Extraordinary General Assembly Meeting starting at 10:00 AM on Saturday , 15 Ramadan 1443h corresponding to 16 April 2022, and until the end of the General assembly meeting on Wednesday 20 April 2022. The company urges the shareholders to register on Tadawulaty service, knowing that registration and voting are provided free of charge for all shareholders through the following link: (www.tadawulaty.com.sa)	**E-Vote**
the Extraordinary General Assembly will only be conducted through modern technology means, to ensure the safety of dealers in Stock Exchange Market, in the context of supporting the preventive and precautionary efforts conducted by relevant authorities to address the new Corona Virus (COVID-19) The company urges the shareholders to register on Tadawulaty service, knowing that registration and voting are provided free of charge for all shareholders through the following link: (www.tadawulaty.com.sa)	**Voting by Using Proxy**
Attached	**Proxy Form**
Eligibility for Attendance Registering of the General Assembly's Meeting Ends upon the Convening of the General Assembly's Meeting. Eligibility for Voting on the Meeting Agenda Ends upon the Counting Committee Concludes Counting the Votes	**Eligibility for Attendance Registration and Voting**
In case of any inquiry please contact the Investor Relations Department and Board Secretary using the following email BOD@gulfunion-saudi.com Free number 8003040077 Tel no. 0138358400	**Method of Communication**
Documents	**Attached Documents**

إتحاد الخليج الأهلية للتأمين التعاوني
GULF UNION AL AHLIA COOPERATIVE INSURANCE

Agenda – Extraordinary General Assembly Meeting for Gulf Union Al Ahlia Cooperative Insurance Co.

Which include the increase of the company's capital

20/04/2022 10:00 PM

1. **Voting on the company's Capital Increase by offering Right Issue as follow: -**

   - **The total amount of the capital increase** : 229,474,640 Saudi Riyals (Two hundred twenty nine million and Four hundred seventy four thousand and Six hundred forty Saudi Riyals)
   - **The company's capital before increase**: 229,474,640 Saudi Riyals
   - **The company's capital after increase**: 458,949,280 Saudi Riyals
   - **Number of Shares before increase**: 22,947,464 Shares
   - **Number of Shares After increase**: 45,894,928 Shares
   - **The increase percentage from the current capital**: 100%
   - **The reason for capital increase**: Supporting the company's future plans, Enhancing solvency margin position and Increasing Investment Income.
   - **Method of Capital Increase**: by Offering Rights Issue of 22,947,464 ordinary shares at a value of 229,474,640 Saudi riyals
   - **Eligibility date:** In the event of approval of the company's capital increase, the eligibility will be for the shareholders holding shares on the date of the extraordinary general assembly and whose names so appear in the company's shareholders register at the Securities Depository Center at the end of the second trading day following the date of the Extraordinary General Assembly meeting.
   - **Amending Article no. (8) of the company's By-Law that relating to Capital**

2. **Voting on amending Article no. (1) of the company's By-Law that relating to Incorporation**
3. **Voting on amending Article no. (3) of the company's By-Law that relating to Purpose of the Company**
4. **Voting on amending Article no. (4) of the company's By-Law that relating to Participation with other Companies**
5. **Voting on amending Article no. (12) of the company's By-Law that relating to Shares Trading**
6. **Voting on amending Article no. (13) of the company's By-Law that relating to Capital Increase**
7. **Voting on amending Article no. (14) of the company's By-Law that relating to Capital Reduction**
8. **Voting on amending Article no. (16) of the company's By-Law that relating to Expiration of the Board Membership**
9. **Voting on amending Article no. (17) of the company's By-Law that relating to Vacant position in the Board**
10. **Voting on amending Article no. (18) of the company's By-Law that relating to Powers of the Board**
11. **Voting on amending Article no. (19) of the company's By-Law that relating to Remunerations of the Board Members**
12. **Voting on amending Article no. (20) of the company's By-Law that relating to Powers of Chairman of the Board of Directors, Deputy Chairman, Managing Director and Secretary**

13. **Voting on amending Article no. (21) of the company's By-Law that relating to Meeting of the Board**
14. **Voting on amending Article no. (22) of the company's By-Law that relating to Quorum of the Board Meeting**
15. **Voting on amending Article no. (24) of the company's By-Law that relating to Agreements and Contracts**
16. **Voting on amending Article no. (26) of the company's By-Law that relating to Constitutive Assembly**
17. **Voting on amending Article no. (27) of the company's By-Law that relating to Constitutive Assembly terms of Reference**
18. **Voting on amending Article no. (28) of the company's By-Law that relating to Ordinary General Assembly Terms of Reference**
19. **Voting on amending Article no. (30) of the company's By-Law that relating to Call for Assemblies**
20. **Voting on amending Article no. (32) of the company's By-Law that relating to The Quorum of Ordinary General Assembly**
21. **Voting on amending Article no. (33) of the company's By-Law that relating to Quorum of Extraordinary General Assembly**
22. **Voting on amending Article no. (38) of the company's By-Law that relating to Committees of the Board of Directors**
23. **Voting on amending Article no. (39) of the company's By-Law that relating to Appointment of the Auditor**
24. **Voting on amending Article no. (41) of the company's By-Law that relating to Obligations of the Auditor**
25. **Voting on amending Article no. (43) of the company's By-Law that relating to Financial Documents**
26. **Voting on amending Article no. (45) of the company's By-Law that relating to Zakat and Reserve**
27. **Voting on amending Article no. (49) of the company's By-Law that relating to Responsibility of Members of the Board of Directors**
28. **Voting on amending Article no. (50) of the company's By-Law that relating to Expiration of the Company**

إتحاد الخليج الأهلية للتأمين التعاوني
GULF UNION AL AHLIA COOPERATIVE INSURANCE

Proxy Form

نموذج التوكيل

Dear Shareholders

السادة المساهمين الكرام

The Proxy form is not available, as the Extraordinary General Assembly will only be conducted through modern technology means, to ensure the safety of dealers in Stock Exchange Market, in the context of supporting the preventive and precautionary efforts conducted by relevant authorities to address the new Corona Virus (COVID-19)

نموذج التوكيل غير متاح حيث سيتم الاكتفاء بعقد الجمعية العامة غير العادية عبر وسائل التقنية الحديثة وذلك حرصا على سلامة المتعاملين في السوق المالية ودعماً للجهود والإجراءات الوقائية والاحترازية من قبل الجهات المختصة وذات العلاقة للتصدي لفايروس كورونا المستجد(COVID-19)

The company urges the shareholders to register on Tadawulaty service, knowing that voting is provided free of charge for all shareholders through the following link:
www.tadawulaty.com.sa

وتحث الشركة مساهميها بالتسجيل في موقع تداولاتي علماً بأن التسجيل والتصويت متاحاً ومجاناً لجميع المساهمين باستخدام الرابط التالي:

www.tadawulaty.com.sa

Gulf Union Al Ahlia Cooperative Insurance Company

شركة إتحاد الخليج الأهلية للتأمين التعاوني

Agenda Item # 1

1. **Voting on the company's Capital Increase by offering Right Issue as follow: -**

- **The total amount of the capital increase** : 229,474,640 Saudi Riyals (Two hundred twenty nine million and Four hundred seventy four thousand and Six hundred forty Saudi Riyals)
- **The company's capital before increase**: 229,474,640 Saudi Riyals
- **The company's capital after increase**: 458,949,280 Saudi Riyals
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- **Method of Capital Increase**: by Offering Rights Issue of 22,947,464 ordinary shares at a value of 229,474,640 Saudi riyals
- **Eligibility date:** In the event of approval of the company's capital increase, the eligibility will be for the shareholders holding shares on the date of the extraordinary general assembly and whose names so appear in the company's shareholders register at the Securities Depository Center at the end of the second trading day following the date of the Extraordinary General Assembly meeting.
- **Amending Article no. (8) of the company's By-Law that relating to Capital**

Amending Article #8 of the company's By-Law
Gulf Union Al Ahlia Cooperative Insurance Co.

Company Name	**Gulf Union Al Ahlia Cooperative Insurance Co**
Reason for Amendment	**To be suitable with the company's capital if the Extraordinary General Assembly approved the capital increase.**

Article 8 Before Amendments	Article 8 After Amendments
The capital of the Company is set at SR 229,474,640 (Two hundred twenty nine million and Four hundred seventy four thousand and Six hundred forty Saudi Riyals) divided into 22,947,464 (Twenty two million and Nine hundred forty seven thousand and four hundred sixty four) shares having an equal nominal value of SR 10 (ten Saudi Riyals) each, all being ordinary cash shares.	The capital of the Company is set at SR 458,949,280 (Four hundred Fifty Eight million and Nine hundred forty nine and Two hundred Eighty Saudi Riyals) divided into 45,894,928 (Forty Five million and Eight hundred Ninety Four thousand and Nine hundred Twenty Eight) shares having an equal nominal value of SR 10 (ten Saudi Riyals) each, all being ordinary cash shares.

CR 2050056228, P.O Box 8217 - Dammam 32221 KSA
8495 Salman Alfarsi St. Al Khalidiyah Al Janubiyah Dist
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VAT Number 300524281200003
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ص.ب. ٨٢١٧ - الدمام ٣٢٢٢١ المملكة العربية السعودية
٨٤٩٥ شارع سلمان الفارسي حي الخالدية الجنوبية، حي الاعمال
الوحدة (١ - ٢ - ٣) من كيو تو، الدمام ٣٢٢٢١ - ٣٨٠٦، المملكة العربية السعودية.
البريد الإلكتروني: Headoffice@gulfunion-saudi.com
رقم ضريبة القيمة المضافة ٣٠٠٥٢٤٢٨١٢٠٠٠٣
هاتف: ٩٢٠٠٢٨٩٢٦ | الرقم المجاني: ٨٠٠٣٠٤٠٠٧٧

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Agenda Items from # 2 to #28

2- Voting on amending Article no. (1) of the company's By-Law that relating to Incorporation
3- Voting on amending Article no. (3) of the company's By-Law that relating to Purpose of the Company
4- Voting on amending Article no. (4) of the company's By-Law that relating to Participation with other Companies
5- Voting on amending Article no. (12) of the company's By-Law that relating to Shares Trading
6- Voting on amending Article no. (13) of the company's By-Law that relating to Capital Increase
7- Voting on amending Article no. (14) of the company's By-Law that relating to Capital Reduction
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14- Voting on amending Article no. (22) of the company's By-Law that relating to Quorum of the Board Meeting
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28- Voting on amending Article no. (50) of the company's By-Law that relating to Expiration of the Company

إيضاح بخصوص البنود من البند الثاني إلى البند الثامن والعشرون والمتعلقه بتعديل النظام الأساس للشركة

كافة التعديلات على مواد النظام الأساس المذكورة بجدول أعمال إجتماع الجمعية العامة غير العادية للشركة جاءت تنفيذاً لتعميم البنك المركزي السعودي رقم (ت ع م / 177 / 202001) الصادر بتاريخ 1441/05/07م، حيث يتوجب على الشركة تحديث النظام الأساس الخاص بها بموجب مسودة النظام الأساس المرفق مع التعميم المذكور.

وبناء عليه فإن كافة التعديلات المرفقة والمراد الحصول على موافقة الجمعية العامة غير العادية عليها تم تحديثها وفق مسودة النظام الأساس الصادر عن البنك المركزي السعودي والمرفقة بالتعميم المشار إليه أعلاه.

كما تم الحصول على موافقة البنك المركزي السعودي وموافقة وزارة التجارة على التعديلات المرفقة قبل الرفع للجمعية العامة غير العادية للتصويت عليها.

Articles from article no. 8 to article no. 28

Regarding amending the Company's By-Law

All the suggested amendements on the By-Law 's articles listed on the Agenda of the Extraordinary General Assembly Meeting presented to comply with SAMA circular no. (ت ع م / 177 / 202001) issued on 02/01/2020, as the company should amend its By-Law as per the Suggested Draft issued by SAMA and attached with the mentioned circular

Accordingly, all the attached amendments that are intended to be approved by the Extraordinary General Assembly have been updated in accordance with the draft articles issued by SAMA the Saudi Central Bank that was attached with the mentioned above circular.

The approval of the Saudi Central Bank and the approval of the Ministry of Commerce on the attached amendments were also obtained before submitting to the Extraordinary General Assembly for a vote.

Gulf Union Al Ahlia Cooperative Insurance Company

Amended Articles of the company's By–Law

Article	Current By–Law –– Before Amendments	After Amendments
Article 1 **Incorporation**	It shall be incorporated in accordance with the provisions of cooperative insurance companies control low and its implementing regulation, the Companies Law, the Capital Market Law and its Implementing Regulations and the Articles of Association of the company, a Saudi Joint Stock company among the holders of shares, the provisions of which are stipulated below.	It shall be incorporated in accordance with the provisions of cooperative insurance companies control low, the Companies Law, the Capital Market Law and its Implementing Regulations and the Articles of Association of the company, its shall be a Saudi Joint Stock company among the holders of shares, the provisions of which are stipulated below.
Article 3 **Purpose of the Company**	To conduct the works of cooperative insurance in the class of general insurance, health insurance and protection and savings insurance. The Company may conduct all business activities necessary to achieve its objectives, whether in the field of insurance or investing its funds and owning and moving fixed and cash funds, selling, exchanging or leasing them directly or through companies established or purchased by them or jointly with other parties, and shall transact such activities in conformity with the cooperative insurance companies control low, its Implementing Regulations and the laws and regulations applicable in the Kingdom of Saudi Arabia after obtaining all necessary licenses from the competent authorities, if any.	To conduct the works of cooperative insurance in the class of general insurance, health insurance and protection and savings insurance. The Company may conduct all business activities necessary to achieve its objectives and shall transact such activities in conformity with the cooperative insurance companies control low, its Implementing Regulations and the rules issued by the Saudi Central Bank "SAMA" and the laws and regulations applicable in the Kingdom of Saudi Arabia after obtaining all necessary licenses from the competent authorities, if any.

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هاتف: ٩٢٠٠٢٨٩٢٦ | الرقم المجاني: ٨٠٠٣٠٤٠٠٧٧

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Article 4 **Participation with other Companies**	The Company may establish limited liability companies or a closed joint stock (provided that the capital is not less than (5) five million Saudi riyals). It may also own shares or stock in other existing companies or merge with such companies and may work with third parties on establishing joint stock or limited liability companies - provided that the companies established by the Company or participate in or merging with transacts business activities similar to its business or financial business or that helps in achieving its purpose - having complied with the requirements of applicable laws and instructions in this regard; and after obtaining the approval of the Saudi Arabian Monetary Authority (SAMA)	The Company may establish limited liability companies or shareholding from one person. It may also own shares or stock in other existing companies or merge with such companies and may work with third parties on establishing joint stock or limited liability companies - provided that the companies established by the Company or participate in or merging with transacts business activities similar to its business or financial business or that helps in achieving its purpose - having complied with the requirements of applicable laws and instructions in this regard; and after obtaining the approval of the Saudi Central Bank.
Article 8 **Share Capital**	The capital of the Company is set at SR 229,474,640 (Two hundred twenty nine million and Four hundred seventy four thousand and Six hundred forty Saudi Riyals) divided into 22,947,464 (Twenty two million and Nine hundred forty seven thousand and four hundred sixty four) shares having an equal nominal value of SR 10 (ten Saudi Riyals) each, all being ordinary cash shares.	The capital of the Company is set at SR 458,949,280 (Four hundred Fifty Eight million and Nine hundred forty nine and Two hundred Eighty Saudi Riyals) divided into 45,894,928 (Forty Five million and Eight hundred Ninety Four thousand and Nine hundred Twenty Eight) shares having an equal nominal value of SR 10 (ten Saudi Riyals) each, all being ordinary cash shares.
Article 12 **Shares Trading**	The shares which are subscribed by the founders may not be traded except after publishing the financial statements for two fiscal years not less than 12 months as of the company incorporation date. The shares instruments shall be marked to indicate their type and indicate the company incorporation date and the period during which their trading is not allowed, however the shares, during the prohibition duration, may be transferred in accordance with the provisions of right sale from one	1- The shares which are subscribed by the founders may not be traded except after publishing the financial statements for two fiscal years not less than 12 months as of the company incorporation date and after obtaining the approval of the Saudi central bank. The shares instruments shall be marked to indicate their type and indicate the company incorporation date and the period during which their trading is not allowed.

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رقم ضريبة القيمة المضافة ٣٠٠٥٢٤٢٨١٢٠٠٠٣
هاتف: ٩٢٠٠٢٨٩٢٦ | الرقم المجاني: ٨٠٠٣٠٤٠٧٧

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	founder to another, from the heirs of a founder in case of its death to third parties or in case of execution on the funds of the insolvent or bankrupt founder provided that the ownership priority of such shares is for the other founders. The provisions of this article shall apply to the subscription by the founders in the event of capital increase prior to the expiration of prohibition duration.	2- The shares, during the prohibition duration, may be transferred in accordance with the provisions of right sale from one founder to another, from the heirs of a founder in case of its death to third parties or in case of execution on the funds of the insolvent or bankrupt founder provided that the ownership priority of such shares is for the other founders. 3- The provisions of this article shall apply to the subscription by the founders in the event of capital increase prior to the expiration of prohibition duration.
Article 13 **capital Increase**	The Extraordinary General Assembly may decide to increase the capital of the company after the approval of the regulatory authorities Provided that the capital is paid in full. However, it shall not be a condition that the capital is paid in full. Upon the time of issuance of the general assembly decision of approval of capital increase, the shareholder holding the share shall have the priority to subscribe to new shares issued cash shares. Those shall be notified of their priority, if any, by publishing in a daily newspaper or by notifying them by registered mail of the decision of the capital increase and conditions, period and commencement and expiration date of the subscription. The extraordinary general assembly shall have the right to stop the priority right of the shareholders to subscribe to capital increase against cash shares or giving the priority to non-shareholders in the cases it deems appropriate for the benefit the subscription. A shareholder shall have the right to sell the priority right or assign same during the period from the time of issuance of the decision	1- The Extraordinary General Assembly may decide to increase the capital of the company after the approval of Saudi central bank and Capital Market Authority Provided that the capital is paid in full. However, it shall not be a condition that the capital is paid in full if the unpaid amount thereof is due to shares issued for converting debt instruments or financing bonds into shares and term for such conversion has not expired yet. 2- The Extraordinary General Assembly may, in all cases, allocate the shares issued upon the increase of the capital or a part thereof for the Company issuance of the shares allocated for the staff. 3- Upon the time of issuance of the general assembly decision of approval of capital increase, the shareholder holding the share shall have the priority to subscribe to new shares issued cash shares. Those shall be notified of their priority, if any, by publishing in a daily newspaper or by notifying them by registered mail of the decision of the capital

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	of the general assembly of the approval of the capital to the last day of subscription to the new shares associated with such rights in accordance with the controls put in place by regulatory authority.	increase and conditions, period and commencement and expiration date of the subscription. 4- The extraordinary general assembly shall have the right to stop the priority right of the shareholders to subscribe to capital increase against cash shares or giving the priority to non-shareholders in the cases it deems appropriate for the benefit the subscription. 5- A shareholder shall have the right to sell the priority right or assign same during the period from the time of issuance of the decision of the general assembly of the approval of the capital to the last day of subscription to the new shares associated with such rights in accordance with the controls put in place by Capital Market Authority.
Article 14 **Capital Reduction**	The extraordinary general assembly may issue a resolution to reduce the capital of the company if it is in excess of its needs or if the company sustains losses after the approval of the regulatory authorities provided the capital paid to the insurance company after capital reduction is not less than hundred (100) million riyals and the capital paid to reinsurance company or insurance company conducting at the same time the works of reinsurance is not less than two hundred (200) million riyals. The reduction resolution shall only be issued after reading a special report prepared by the auditor on the reasons for such reduction, the company obligations, and the impact of the reduction on such obligations. If the capital reduction is due to that it is in excess of the company's needs , creditors shall be invited to express their objections within sixty (60) days	1- The extraordinary general assembly may issue a resolution to reduce the capital of the company if it is in excess of its needs or if the company sustains losses after the approval of the Saudi central bank and Capital Market Authority provided the capital paid to the insurance company after capital reduction is not less than hundred (100) million riyals and the capital paid to reinsurance company or insurance company conducting at the same time the works of reinsurance is not less than two hundred (200) million riyals. The reduction resolution shall only be issued after reading a special report prepared by the auditor on the reasons for such reduction, the company obligations, and the impact of the reduction on such obligations.

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	from the date of publishing the reduction in a daily newspaper distributed in the area where the company head office is located. If a creditor objects and submitted its documents within the time limit, the company should pay its debt if it is due or provide it with a sufficient guarantee if it is deferred.	2- If the capital reduction is due to that it is in excess of the company's needs , creditors shall be invited to express their objections within sixty (60) days from the date of publishing the reduction in a daily newspaper distributed in the area where the company head office is located. If a creditor objects and submitted its documents within the time limit, the company should pay its debt if it is due or provide it with a sufficient guarantee if it is deferred.
Article 16 **Expiration of the Board Membership**	The membership of the board of directors shall expire with the expiration of the term of the board resignation, death, or absence from three meetings during one yare without a legitimate and accepted excuse, if the board of directors finds evidence that the member breaches its duties in a way that would harm the interest of the company on the condition that this would include the approval of the ordinary general assembly, with the expiration of its membership in accordance with any regulation or instructions in force in kingdom of Saudi Arabia, if ruled that its bankruptcy or insolvency be declared, if it applies for settlement with its creditors or stops payment of its debts, if it develops mental illness or become numb, If it is established that it commits an act involving a breach of trust and morality or convicted of forgery. The Ordinary General Assembly may, at any time, dismiss all or part of the members of the Board of directors without prejudice to the right of a dismissed member towards the company to claim compensation if they are dismissed for an unacceptable reason or at inappropriate time. A Board member may step down, provided that this takes place at an appropriate time, otherwise	1- The membership of the board of directors shall expire with the expiration of the term of the board resignation, death, or absence from three meetings during one yare without a legitimate and accepted excuse, if the board of directors finds evidence that the member breaches its duties in a way that would harm the interest of the company on the condition that this would include the approval of the ordinary general assembly, with the expiration of its membership in accordance with any regulation or instructions in force in kingdom of Saudi Arabia, if ruled that its bankruptcy or insolvency be declared, if it applies for settlement with its creditors or stops payment of its debts, if it develops mental illness or physical disability that may lead to the inability the member to play its role fully,If it is established that it commits an act involving a breach of trust and morality or convicted of forgery under a final judgment 2- The Ordinary General Assembly may, at any time, dismiss all or part of the members of the Board of directors without prejudice to the right of a dismissed member towards the company to claim

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	such member shall be liable to the Company for the damage caused by stepping down.	compensation if they are dismissed for an unacceptable reason or at inappropriate time. A Board member may step down, provided that this takes place at an appropriate time, otherwise such member shall be liable to the Company for the damage caused by stepping down. 3- If a member of the board of directors resigns and has comments on the performance of the company, it shall submit a written statement of same to the chairman of the board of directors. Such statement shall be presented to the members of the board of directors. The Saudi central bank shall be notified upon resignation of any member of the board or termination of its membership for any reason upon the expiration of the term of the board within five (5) working days from the work leaving date and relevant disclosure requirements
Article 17 **Vacant position in the Board**	If the position of a member of the Board of directors becomes vacant, the Board may temporarily appoint a member to fill the vacancy of those having sufficient experience and after obtaining the non-objection by the Saudi Arabian Monetary authority and without considering the arrangement of obtaining the votes in the general assembly through which the board of directors has been elected , The ministry of commerce as well as the Capital Market Authority shall be notified within five (5) working days as from appointment date, and such appointment shall be laid before the first meeting of the Ordinary General Assembly. The new member shall only complete the term of predecessor. With a decision from the regulatory authority may invite the ordinary general assembly to convene in the event that the number of members of the board of directors falls below the minimum validity of its convening.	If the position of a member of the Board of directors becomes vacant, the Board may temporarily appoint a member to fill the vacancy of those having sufficient experience and after obtaining the non-objection by the Saudi central bank and without considering the arrangement of obtaining the votes in the general assembly through which the board of directors has been elected , The ministry of commerce as well as the Capital Market Authority shall be notified within five (5) working days as from appointment date, and such appointment shall be laid before the first meeting of the Ordinary General Assembly. The new member shall only complete the term of predecessor.

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	The Saudi Arabian Monetary Authority must be notified when any member of the board resigns or his membership is terminated for any reason other than the end of the board session, within (5) five working days from the date of leaving work and subject to the relevant disclosure requirements.	
Article 18 **Powers of the Board**	Subject to terms of reference of the General Assembly, the Board of directors shall have the widest powers to manage the Company in a manner achieving its objectives. The board may also, within the limits of its competence, delegate one or more of its members or of third parties to conduct certain work or works in a manner consistent with the relevant laws and regulations. The Chairman of the Board of Directors may, for example, but not be limited to, represent the company in its relations with third parties, governmental and private firms, courts, the Board of Grievances, labor and workers offices, the higher and primary committees for settling labor disputes, the Commercial notes Committee, all other judicial committees, arbitration bodies, civil rights, police departments, and chambers of commerce and industry. And all companies, institutions, banks, commercial banks, fiscal houses, all government finance funds and institutions with their various names and competences, and other lenders. The Chairman of the Board of Directors has the right to acknowledge, demand, defend, plead, litigate, waive, conciliate, accept and deny judgments, arbitration, request execution of judgments and oppose	Subject to terms of reference of the General Assembly, the Board of directors shall have the widest powers to manage the Company in a manner achieving its objectives except for the actions and acts within the competence of the general assembly that are covered under a special provision of the Companies law or these articles. The board may also, within the limits of its competence, delegate one or more of its members or of third parties to conduct certain work or works in a manner consistent with the relevant laws and regulations. The Chairman of the Board of Directors may, for example, but not be limited to, represent the company in its relations with third parties, governmental and private firms, courts, the Board of Grievances, labor and workers offices, the higher and primary committees for settling labor disputes, the Commercial notes Committee, all other judicial committees, arbitration bodies, civil rights, police departments, and chambers of commerce and industry. And all companies, institutions, banks, commercial banks, fiscal houses, all government finance funds and institutions with their various names and competences, and other lenders.

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	them, collect what resulting from execution, enter into tenders, sell, buy and mortgage real estate. The Chairman of the Board of Directors also has the right to contract and sign on behalf of the company and on its behalf all types of contracts, documents, including without limitation the contracts of incorporation of companies in which the company participates with all its amendments, appendices, amendment decisions and signing agreements and Sukuks before the notary public and official bodies, as well as loan agreements, safeguards, guarantees and Sukuks for buying and selling real estate, issuing legal powers of attorney on behalf of the company, selling, buying, emptying, accepting, receiving, delivering, renting, leasing, receiving and paying, opening accounts and credits, withdrawing and depositing with banks, issuing guarantees to banks, funds and government financing institutions, signing all papers, promissory notes, cheques, all commercial papers and documents, and all banking transactions.	The Chairman of the Board of Directors has the right to acknowledge, demand, defend, plead, litigate, waive, conciliate, accept and deny judgments, arbitration, request execution of judgments and oppose them, collect what resulting from execution, enter into tenders, sell, buy and mortgage real estate. The Chairman of the Board of Directors also has the right to contract and sign on behalf of the company and on its behalf all types of contracts, documents, including without limitation the contracts of incorporation of companies in which the company participates with all its amendments, appendices, amendment decisions and signing agreements and Sukuks before the notary public and official bodies, as well as loan agreements, safeguards, guarantees and Sukuks for buying and selling real estate, issuing legal powers of attorney on behalf of the company, selling, buying, emptying, accepting, receiving, delivering, renting, leasing, receiving and paying, opening accounts and credits, withdrawing and depositing with banks, issuing guarantees to banks, funds and government financing institutions, signing all papers, promissory notes, cheques, all commercial papers and documents, and all banking transactions. The board of directors may also conclude contracts of loans regardless of their duration, sell or mortgage the assets of the company, sell or mortgage the commercial shop of the company or release the debtors of the company from their obligations unless these articles include anything or

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		the ordinary general assembly issues anything restrict the powers of the board of directors in that.
Article 19 **Remunerations of the Board Members, Remunerations of Chairman of the Board of Directors and the Managing Director**	The Board of Directors determines all the financial or in-kind remunerations and benefits for each member of the Board, so that the maximum limit for the total of the rewards and financial or in-kind benefits that the member receives is (500,000 riyals) five hundred thousand Saudi riyals annually in accordance with the regulations set by the regulatory authorities. In the event the company achieves profits, a percentage equivalent to (10%) of the rest of the net profit may be distributed after deducting the reserves decided by the general assembly in application of the provisions of the Cooperative Insurance Companies Control Law and after distributing a profit to shareholders of no less than (5%) of the company's paid-up capital , provided that the entitlement to this bonus is proportional to the number of sessions attended by the member, and any assessment to the contrary is void. The upper limit of the allowance for attending the sessions of the Board and its committees is (5000 riyals) five thousand riyals for each session, excluding travel and accommodation expenses. paid to each member of the board, including the chairman of the board; The value of the actual expenses they incur in order to attend meetings of the Board or committees emanating from the Board of Directors, including travel, accommodation and subsistence expenses. The report of the board of directors to the ordinary general assembly shall include a comprehensive statement of all remunerations, allowances for	1- The remuneration of members of the board of directors a specific amount or attendance allowance for the meetings, in kind benefits or a certain percentage of net profits. Two or more of such benefits may be combined. 2- If the remuneration is a certain percentage of the company profit, such percentage may not exceed (10%) of the net profits after deducting the reserves decided by the general assembly in implementation of the provisions of cooperative insurance companies control law, companies law and theses articles and after distribution of a profit to shareholders that is not less than (5%) of the company paid capital and the eligibility for such remuneration shall be proportional to the number of meetings attended by the member and any estimation contrary to that shall be void. 3- In all cases, the total financial or in-kind remuneration and benefits obtained by the member of the board of directors shall not exceed the amount of five hundred thousand Saudi riyals annually (this excludes the members of the Audit committee) in accordance with the controls developed by the Capital Market Authority. 4- The report of the board of directors to the ordinary general assembly shall include a comprehensive statement of all remunerations, allowances for expenses and other benefits obtained by the members of the board of directors during the financial year. It shall also include a statement of what is received by the members of the board as workers

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	expenses and other benefits obtained by the members of the board of directors during the financial year. It shall also include a statement of what is received by the members of the board as workers or administrators or what they receive against technical or administrative works or consultation. It shall also include a statement of the number of the board meetings and the number of meetings attended by each member from the date of the last meeting of the general assembly.	or administrators or what they receive against technical or administrative works or consultation. It shall also include a statement of the number of the board meetings and the number of meetings attended by each member from the date of the last meeting of the general assembly.
Article 20 **Powers of Chairman of the Board of Directors and his Membership term, and the Membership of a Deputy, Managing Director and Secretary**	The board of directors shall appoint from among its members a chairman, deputy chairman and shall appoint chief Executive officer. It may appoint a managing director. It is not permissible to combine. The chairman of the board of directors shall have the right to sign on behalf of the company and implement the decisions of the board. The chairman of the board of directors shall be concerned with representing the company before courts, arbitration bodies and third parties. By a written decision, the chairman of the board of directors may delegate some of its powers to other members of the board or third parties to conduct certain work or works. The Board of Directors determines all the financial or in-kind remunerations and benefits for each member of the Board, so that the maximum limit for the total of the rewards and financial or in-kind benefits that the member receives is (500,000 riyals) five hundred thousand Saudi riyals annually in accordance with the regulations set by the regulatory authorities. The board of directors shall appoint a secretary of the board. The board may appoint one or more advisers therefor in the different affairs of the company and the board shall determine their remunerations. The term	The board of directors shall appoint from among its members a chairman, deputy chairman and shall appoint Chief Executive Officer. It may appoint a managing director. It is not permissible to combine. The chairman of the board of directors shall have the right to sign on behalf of the company and implement the decisions of the board. The chairman of the board of directors shall be concerned with representing the company before courts, arbitration bodies and third parties. By a written decision, the chairman of the board of directors may delegate some of its powers to other members of the board or third parties to conduct certain work or works. The board of directors shall determine salaries, allowances and remuneration for the both the board chairman and the managing director as stated in article (19) of these articles. The board of directors shall appoint a secretary of the board. The board may appoint one or more advisers therefor in the different affairs of the company and the board shall determine their remunerations. The term of the board chairman, its deputy, managing director and secretary shall not exceed the membership term of each one of them of the board. They may be re-elected. The board may, at any time, remove them or any them without prejudice to the right

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	of the board chairman, its deputy, managing director and secretary shall not exceed the membership term of each one of them of the board. They may be re-elected. The board may, at any time, remove them or any them without prejudice to the right of the removed to compensation if the removal takes place without justifiable cause or at an inconvenient time.	of the removed to compensation if the removal takes place without justifiable cause or at an inconvenient time.
Article 21 **Meeting of the Board**	The Board shall meet, in the company head office, at the invitation of its chairman. The chairman of the board shall convene the meeting whenever two members so request. The invitation shall be documented in the manner seen by the board. The meetings of the board shall be held periodically and as needed provided the number of the board annual meetings shall not be less than (4) meetings where shall be at least one meeting each three months.	The Board shall meet at the invitation of its chairman. The chairman of the board shall convene the meeting whenever two members so request. The invitation shall be documented in the manner seen by the board. The meetings of the board shall be held periodically and as needed provided the number of the board annual meetings shall not be less than (4) meetings where shall be at least one meeting each three months.
Article 22 **Quorum of the Board Meeting**	The meeting of the Board is not valid unless attended by (two-thirds) of the members themselves or by proxy, provided that the number of members present in person is (four) at least, among whom is an independent member. The member of the board of directors may delegate another member to attend BOD meetings and vote on his behalf. The decision of the board shall be issued by a majority of the members present or represented therein. In case of a tied, the chairman shall provide the casting vote. The board of directors may issue decisions in urgent matters be presentation them to members separately unless a member requests in writing the meeting of the board to deliberate	1- The board meeting shall be valid only if attended by at least half of the members on the condition that the number of the attendees shall not be less than at least three (3) members. 2- If the conditions required for holding the meeting of the board of directors are not met because the number of its members is below the minimum limit provided for in these articles, the remaining members shall convene the ordinary general assembly within sixty days to elect the required number of members.

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	thereon. Such decisions shall be presented to the board at its first following meeting.	3- By a decision of the Capital Market Authority, it is permissible to convene the ordinary general assembly in case the number of members of board of directors is below the minimum limit for its valid holding. 4- A member of the board of directors may not appoint a representative to attend the meeting. Exception to that, the member of the board of directors may delegate another member. 5- The decision of the board shall be issued by a majority of the members present or represented therein. In case of a tied, the chairman shall provide the casting vote. 6- The board of directors may issue decisions in urgent matters be presentation them to members separately unless a member requests in writing the meeting of the board to deliberate thereon. Such decisions shall be presented to the board at its first following meeting.
Article 24 **Agreements and Contracts**	After obtaining non – objection by Saudi Arabian monetary authority, the company shall be entitled to conclude an agreement to manage technical services with one or more companies qualified in the insurance filed. Board members may conclude insurance contracts with the company in which they have an interest, provided that the Chairman of the Board of Directors provides the General Assembly with the details of those insurance contracts. The member of the board of directors shall notify the board of its direct or indirect interest in the works and contracts made for the account of the company. Such notification shall be recorded in the meeting minutes. Such member may not participation in voting on the decision issued in this regard in the board of directors and	1- After obtaining non – objection y Saudi central bank, the company shall be entitled to conclude an agreement to manage technical services with one or more companies qualified in the insurance filed. 2- A member of the board of directors may not have any direct or indirect interest in works and contracts made for the account of the company unless by a license from the ordinary general assembly. The member of the board of directors shall notify the board of its direct or indirect interest in the works and contracts made for the account of the company. Such notification shall be recorded in the meeting minutes.

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	assemblies of shareholders. The chairman of the board of directors shall notify the ordinary general assembly upon its holding of the works and contracts in which a member of the board has direct or indirect interest therein. The notification shall be accompanied by a special report form the external auditor of the company. If the member of the board of directors fails to disclose its interest, the company or any interested party may request before the competent judicial body avoidance of the contract or abrogating the member to pay any profit or interest realized by it from that.	3- Such member may not participation in voting on the decision issued in this regard in the board of directors and assemblies of shareholders. 4- The chairman of the board of directors shall notify the ordinary general assembly upon its holding of the works and contracts in which a member of the board has direct or indirect interest therein. The notification shall be accompanied by a special report form the external auditor of the company. 5- If the member of the board of directors fails to disclose its interest, the company or any interested party may request before the competent judicial body avoidance of the contract or abrogating the member to pay any profit or interest realized by it from that. 6- The responsibility for the damages resulting from the works and contracts referred to in paragraph (1) of this article shall lie with the member who is the stakeholder in the work or the contract as well as the members of the board of directors if such works and contracts made in violation of the provisions of such paragraph or if it is established that they are not fair or involve conflict on interest or result in damage to shareholders. 7- Members of the board of directors objecting to the decision shall be relieved from responsibility whenever the expressly record their objection in the meeting minutes. Absence from attending the meeting at which the decision is issued shall not be a reason for relieving from responsibility unless it is established that the absent member did not know the decision or was unable to object there to after knowing it.

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		8- Members of the board of directors may not participate in any work that would compete with the company or compete with the company in one of the branches of the activity it exercises, otherwise the company may claim from it before the competent judicial bodies the appropriates compensation unless it has a prior license from the ordinary general assembly- renewed each year- allowing it to do so.
Article 26 **Constitutive Assembly**	The founders shall call all subscribers to hold a constitutive assembly within forty-five (45) days from the closing date of subscription to shares. Each subscriber – regardless of the number of its shares – shall have the right to attend the constitutive assembly. The presence of the number of subscribers' representation at least (half) the capital shall be a condition for the validity of the meeting. If such quorum is not met, a call shall be made for another meeting to be held after at least fifteen (15) days from directing the call to it. However, the second meeting may be held after an hour from the expiration of the period set for holding of the first meeting. The call to hold the first meeting shall state declaration of the possibility of holding such meeting. In all cases, the second meeting shall be valid regardless of the number of subscribers represented therein.	1- The founders shall call all subscribers to hold a constitutive assembly within forty-five (45) days from the closing date of subscription to shares provided the period between the call date and the holding date shall not be less the ten days. 2- Each subscriber – regardless of the number of its shares – shall have the right to attend the constitutive assembly. The presence of the number of subscribers representation at least (half) the capital shall be a condition for the validity of the meeting. If such quorum is not met, a call shall be made for another meeting to be held after at least fifteen (15) days from directing the call to it. However, the second meeting may be held after an hour from the expiration of the period set for holding of the first meeting. The call to hold the first meeting shall state declaration of the possibility of holding such meeting. In all cases, the second meeting shall be valid regardless of the number of subscribers represented therein.
Article 27	The Constitutive assembly shall be concerned with the following matters:	The Constitutive assembly shall be concerned with the following matters:

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Constitutive Assembly terms of Reference	a- Verification of subscription to the entire shares of the Company and fulfillment of the minimum capital in the amount due from the share value. b- Approval of the final texts of the company status, and no substantive amendments shall be made. c- Appointment of the members of the first Board of Directors for a period not exceeding Three years if no appointed in the Company Memorandum of Association or its by-law d- Appointment of the Auditors and determination of their fees if no appointed in the Company Memorandum of Association Deliberation on and approval of the founder's report on the works and expenses necessitated by incorporation of the company.	a- Verification of subscription to the entire shares of the Company and fulfillment of the minimum capital in the amount due from the share value in according with the provisions of the regulation. b- Deliberation on the evaluation report of in kind – shares. c- Approval of the final texts of the company status, and no substantive amendments shall be made. d- Appointment of the members of the first Board of Directors for a period not exceeding five years and first Auditor if no appointed in the Company Memorandum of Association or by-law. e- Deliberation on and approval of the founder's report on the works and expenses necessitated by incorporation of the company. Ministry of Commerce and Investment as well as the Capital Market Authority may send one or more delegates as a controller to attend the Constitutive Assembly of the company to ascertain the application of the regulation provisions.
Article 28 **Ordinary General Assembly**	With the exception of the matters designated for the extraordinary general assembly, the ordinary general assembly shall be concerned with all matters relating to the company. The ordinary general assembly shall be held at least once a year during the six months following the end of the company's fiscal year. Other ordinary assemblies may be called for as	With the exception of the matters designated for the extraordinary general assembly, the ordinary general assembly shall be concerned with all matters relating to the company. The ordinary general assembly shall be held at least once a year during the six months following the end of the company's fiscal year. Other ordinary assemblies may be called for as needed.

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Terms of Reference	needed. Among the functions of the Ordinary General Assembly is the formation of the audit committee and determining its fees.	
Article 30 **Call for Assemblies**	General or special assemblies of shareholders shall be held at an invitation of the board of directors. The board of directors shall convene the ordinary general assembly if so requested by the auditor, Audit committee or a number of shareholders representing at least (5%) of the capital. The auditor may convene the Assembly in case the Board fails to convene the assembly within thirty (30) days from the date of the auditor's request. Such call shall be published in a daily newspaper distributed in the area in which the company's headquarters is located at least twenty one (21) days prior to the time specified for holding. A copy of the call and the agenda shall be sent to the Ministry of Commerce and also a copy shall be sent to Capital Market Authority. However, extending the invitation on the said date to all shareholders through registered letters may suffice. A copy of the invitation and the agenda shall be sent to Capital Market Authority within the period specified for publication.	1- General or special assemblies of shareholders shall be held at an invitation of the board of directors. The board of directors shall convene the ordinary general assembly if so requested by the auditor, Audit committee or a number of shareholders representing at least (5%) of the capital. The auditor may convene the Assembly in case the Board fails to convene the assembly within thirty (30) days from the date of the auditor's request. 2- By a decision of the Capital Market Authority, the ordinary general assembly may be convened in the following cases: a- If the period specified for holding expires (during the six months following the expiration of the fiscal year of the company) without holding thereof. b- In case the number of members of the board of directors is below the minimum limit for valid holding. c- If violations of the provisions of the regulation or the company by-law or an anomaly in company management are identified. d- In the event the board fails to convene the general assembly within fifteen days from the request date of the auditor, Audit committee or a number of shareholders representing at least (5%) of the capital. 3- A number of shareholders representing at least (2%) of the capital may apply to Capital Market Authority to convene the ordinary general

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		assembly if any of the cases provided for in paragraph (2) of this article is available. Capital Market Authority shall call for holding within thirty days from the submission date of shareholders' request and the call shall include the agenda of the assembly and the items required to be approved by shareholders. 4- Such call shall be published in a daily newspaper distributed in the area in which the company's headquarters is located at least twenty one (21) days prior to the time specified for holding. A copy of the call and the agenda shall be sent to the Ministry of Commerce and also a copy shall be sent to Capital Market Authority. However, extending the invitation on the said date to all shareholders through registered letters may suffice. A copy of the invitation and the agenda shall be sent to Capital Market Authority within the period specified for publication.
Article 32 **The Quorum of Ordinary General Assembly**	An ordinary general assembly meeting shall not be valid unless attended by shareholders representing at least (a quarter) of the company capital. If the quorum required for holding the meeting of the ordinary general assembly is not available, a call is made for a second meeting to be held within the thirty days following the previous meeting. Such call shall be published in the manner provided for in article (30) of these articles. However, the second meeting may be held after an hour from the expiration of the period specified for holding the first meeting provided that the call for holding the first meeting shall state announcement of the possibility of holding such meeting. In all cases, the second meeting shall be valid regardless of the shares represented thereat.	1- An ordinary general assembly meeting shall not be valid unless attended by shareholders representing at least (a quarter) of the company capital. 2- If the quorum required for holding the meeting of the ordinary general assembly is not available according to paragraph (1) of this article, a call is made for a second meeting to be held within the thirty days following the previous meeting. Such call shall be published in the manner provided for in article (30) of these articles. However, the second meeting may be held after an hour from the expiration of the period specified for holding the first meeting provided that the call for holding the first meeting shall state announcement of the possibility of

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	The meetings of the ordinary general assembly of shareholders may be held, and the shareholder may participate in its deliberations and vote on its decisions by means of modern technology, according to the controls set by the regulatory authority.	holding such meeting. In all cases, the second meeting shall be valid regardless of the shares represented thereat.
Article 33 **Quorum of Extraordinary General Assembly**	Holding of an extraordinary general assembly shall not be valid unless attended by shareholders representing at least half the company capital. If the quorum required for holding the meeting of the extraordinary general assembly is not available according to paragraph (1) of this article, a call is made for a second meeting under the same conditions provided for in article (30) of these articles, The second meeting may be held after an hour from the expiration of the period specified for holding the first meeting provided that the call for holding the first meeting shall state announcement of the possibility of holding such meeting. In all cases, the second meeting shall be valid if attended by a number of shareholders representing at least (a quarter) of the capital. If the required quorum is not available in the second meeting, a call shall be made for a third meeting to be held under the same conditions provided for in article (30) of these articles. The third meeting shall be valid regardless of the number of shares represented thereat after the approval of the regulatory authority. The meetings of the ordinary general assembly of shareholders may be held, and the shareholder may participate in its deliberations and vote on its decisions by means of modern technology, according to the controls set by the regulatory authority.	1- Holding of an extraordinary general assembly shall not be valid unless attended by shareholders representing at least half the company capital. 2- If the quorum required for holding the meeting of the extraordinary general assembly is not available according to paragraph (1) of this article, a call is made for a second meeting under the same conditions provided for in article (30) of these articles, The second meeting may be held after an hour from the expiration of the period specified for holding the first meeting provided that the call for holding the first meeting shall state announcement of the possibility of holding such meeting. In all cases, the second meeting shall be valid if attended by a number of shareholders representing at least (a quarter) of the capital. 3- If the required quorum is not available in the second meeting, a call shall be made for a third meeting to be held under the same conditions provided for in article (30) of these articles. The third meeting shall be valid regardless of the number of shares represented thereat after the approval of Capital Market Authority.

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Article 38 **Committees of the Board of Directors**	First: Committees of the Board of Directors, including the Audit Committee, are formed in accordance with the relevant laws and regulations. Second: The following committees emerge from the Board of Directors: 1- Executive Committee 2- Audit Committee 3- Nominations and Remunerations Committee 4- Risk Management Committee 5- Investment Committee The formation of the committees shall be in accordance with general procedures set by the board of directors, including defining the mission of each committee, the duration of its work, the powers granted to it during this period, and the manner of the BOD 's control over them, all of which are subject to the relevant laws and regulations.	Committees of the board of directors shall be formed in accordance with relevant laws and regulations.
Article 39 **Appointment of the Auditor**	The general assembly shall appoint auditors from among the auditors licensed to practice in the Kingdom determine their remunerations and the period of their work. It may re- appoint them. The general assembly may also, at any time, change them without prejudice to their right to compensation if the change takes place at an inconvenient time or without justifiable cause.	The general assembly shall appoint one (or more) auditors from among the auditors licensed to practice in the Kingdom determine their remunerations and the period of their work. It may re- appoint them provided that the total period of their appointment shall not exceed five continuous years. The one who exhausts such period may be re-appointed after the lapse of two years from its expiration date. The general assembly may also, at any time, change them without prejudice to their right to compensation if the change takes place at an inconvenient time or without justifiable cause.

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Article 41 **Obligations of the Auditor**	The auditor shall submit to the annual general assembly a report prepared according to common auditing standards and including the position of the company management as to enabling it to obtain the statements and clarifications requested by it, the violations that might be detected by it of the provisions of the cooperative companies control law and its implementing regulations and other relevant laws, regulations and instructions and its view on the fairness of the financial statements of the company. The auditor shall read out its report in the general assembly. If the assembly decides to approve the report of the board of directors and the financial statements without hearing the report of the auditor, its decision shall be void.	The auditor shall submit to the annual general assembly a report prepared according to common auditing standards and including the position of the company management as to enabling it to obtain the statements and clarifications requested by it, the violations that might be detected by it of the provisions of the cooperative companies control law and its implementing regulations and other relevant laws, regulations and instructions and the company's by-law and its view on the fairness of the financial statements of the company. The auditor shall read out its report in the general assembly. If the assembly decides to approve the report of the board of directors and the financial statements without hearing the report of the auditor, its decision shall be void.
Article 43 **Financial Documents**	- At the end of each fiscal year, the board of director shall prepare the financial statements (the financial statements consist of: statement of financial position for insurance operations and shareholders, statement of surplus(deficit) of insurance operations, statement of income of shareholders, statement of shareholders' rights, statement of cash flows for insurance operations, statements of cash flows for shareholders) a report on the activity and financial position of the company for the expired fiscal year. Such report shall include the method it proposes to distribute profits. The board shall place such documents at the disposal of the auditor at least (45) days before the time specified for holding the general assembly.	1- At the end of each fiscal year, the board of director shall prepare the financial statements (the financial statements consist of: statement of financial position for insurance operations and shareholders, statement of surplus(deficit) of insurance operations, statement of income of shareholders, statement of shareholders' rights, statement of cash flows for insurance operations, statements of cash flows for shareholders) a report on the activity and financial position of the company for the expired fiscal year. Such report shall include the method it proposes to distribute profits. The board shall place such documents at the disposal of the auditor at least (45) days before the time specified for holding the general assembly.

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	2- The chairman of the board of directors of the company, its chief executive officer, its chief financial officer shall sign the documents mentioned in paragraph (1). Copies thereof shall be deposited at the head office of the company at the disposal of shareholders at least (21) days before the time specified for holding the general assembly. 3- The chairman of the board of directors shall provide the shareholders with the financial statements of the company, report of the board of directors, report of the auditor unless published in a daily newspaper distributed at the head office of the company. It shall also send a copy of such documents to the Capital Market Authority at least (21) days before the date specified for holding the general assembly.	2- The chairman of the board of directors of the company, its chief executive officer, its chief financial officer shall sign the documents mentioned in paragraph (1). Copies thereof shall be deposited at the head office of the company at the disposal of shareholders at least (21) days before the time specified for holding the general assembly. 3- The chairman of the board of directors shall provide the shareholders with the financial statements of the company, report of the board of directors, report of the auditor unless published in a daily newspaper distributed at the head office of the company. It shall also send a copy of such documents to the Ministry of Commerce and Capital Market Authority at least (15) days before the date specified for holding the general assembly.
Article 45 **Zakat and Reserve**	The Company shall: 1- Set aside Zakat and income tax established. 2- Set aside (20%) of the net profits to form a statutory reserve. The ordinary general assembly may discontinue such setting aside when the total reserves amount to (100%) of the paid capital. 3- Upon determination net profits per share, the ordinary general assembly may decide to form other reserves to the extent achieving the interest of the company or ensuring the distribution of fixed profits as possible among shareholders	The Company shall: 1- Set aside Zakat and income tax established by regulation. 2- Set aside (20%) of the net profits to form a statutory reserve. The ordinary general assembly may discontinue such setting aside when the total reserves amount to (100%) of the paid capital. 3- Upon determination net profits per share, the ordinary general assembly may decide to form other reserves to the extent achieving the interest of the company or ensuring the distribution of fixed profits as possible among shareholders 4- Distribute the company annual net profits determined by it after deducting all overheads and other costs and forming the reserves required to face doubtful debts, losses of investments and contingent

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ص.ب. ٨٢١٧ - الدمام ٣٢٢٢١ المملكة العربية السعودية
٨٤٩٥ شارع سلمان الفارسي حي الخالدية الجنوبية، حي الاعمال
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		liabilities the board of directors deems necessary in accordance with the provisions of the cooperative insurance companies control law, provisions issued by Saudi central bank. From the remaining profits after deduction the reserves established under relevant regulations and Zakat a ratio of not less than 5% of the paid capital for distribution among shareholders as proposed by the board of directors and decided by the general assembly. If the remaining ratio of profits due to shareholders is not sufficient to pay such ratio, shareholders may not request payment thereof in the following year or years and the general assembly may not decide to distribute a ratio of profits that is in excess of what has been proposed by the board of directors.
Article 49 **Responsibility of Members of the Board of Directors**	Members of the board of directors shall be jointly responsible for compensating the company, shareholders or third parties for the damage arising out of poor management of the company or their violation of the provisions of cooperative companies control law and its implementing regulations and other relevant regulations and instructions and these articles. Each condition requires otherwise shall be void. The responsibility shall lie with all members of the board of directors if the error occurs due to a decision taken by them unanimously. The decisions issued by a majority of opinions, the objecting members shall not be responsible for whenever they record their objection in the meeting minutes. Absence from the meeting at which the decision is issued shall not be a reason for relieving from responsibility unless it is established that	1- Members of the board of directors shall be jointly responsible for compensating the company, shareholders or third parties for the damage arising out of poor management of the company or their violation of the provisions of cooperative companies control law and its implementing regulations and other relevant regulations and instructions and these articles. Each condition requires otherwise shall be void. The responsibility shall lie with all members of the board of directors if the error occurs due to a decision taken by them unanimously. The decisions issued by a majority of opinions, the objecting members shall not be responsible for whenever they record their objection in the meeting minutes. Absence from the meeting at which the decision is issued shall not be a reason for relieving from

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	the member is not aware of the decision or able to object thereto after being aware thereof. The approval of the ordinary general assembly to release the members of the board of directors shall not prevent filing the responsibility case. The responsibility case shall not be heard after lapse of three (3) years from the date of detecting the wrongful act. Except for the cases of fraud and forgery the responsibility case shall not be heard in all cases after lapse of five (5) years from the expiration date of the fiscal year in which the wrongful act occurs or three (3) years from the membership expiration of the member of the board of directors concerned, whichever is later. Each shareholder shall have the right to file responsibility case established for the company against the members of board of directors if their error would cause a special damage thereto. The shareholder may not file the said case unless the right of the company to file it still exists. The shareholder shall notify the company of its intention to file the case with limiting its right to claiming compensation for the special damage it incurs.	responsibility unless it is established that the member is not aware of the decision or able to object thereto after being aware thereof. 2- The approval of the ordinary general assembly to release the members of the board of directors shall not prevent filing the responsibility case. 3- The responsibility case shall not be heard after lapse of three (3) years from the date of detecting the wrongful act. Except for the cases of fraud and forgery the responsibility case shall not be heard in all cases after lapse of five (5) years from the expiration date of the fiscal year in which the wrongful act occurs or three (3) years from the membership expiration of the member of the board of directors concerned, whichever is later. 4- Each shareholder shall have the right to file responsibility case established for the company against the members of board of directors if their error would cause a special damage thereto. The shareholder may not file the said case unless the right of the company to file it still exists. The shareholder shall notify the company of its intention to file the case with limiting its right to claiming compensation for the special damage it incurs. 5- The following expenses incurred by the shareholder to file a case regardless of its result, may be charged to the company under the following conditions: a. If it files the case in good faith. b. In case it provides the company with the reason for which it files the case and does not receive a response within thirty days.

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		c. In the event it is in the interest of the company to file such case based on the provision of article (79) of the companies law. d. That the case is well-founded.

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Article 50 **Expiration of the Company**	Once it expires, the company shall enter into liquidation. It shall retain the legal personality to the extent necessary for liquidation. The decision of the voluntary liquidation shall be issued by the Capital Market Authority. The liquidation decision shall include the appointment of the liquidator, determination of its authorities, fees, the restrictions imposed on its authorities and the time limit required for liquidation. The period of the voluntary liquidation shall not exceed five (5) years and may be extended only by a judicial order. The authority of the board of directors of the company shall expire by its dissolution. However, it shall manage the company and be deemed by third parties as liquidators until the liquidator is appointed. During the period of liquidation, the terms of reference of the company organs that are consistent with the terms of reference of the liquidator shall remain. Preservation of the rights of the participants in the surplus of insurance operations and the reserves formed in accordance with articles (44) and (45) of these articles shall be observed in the voluntary liquidation.	1- Once it expires, the company shall enter into liquidation. It shall retain the legal personality to the extent necessary for liquidation. 2- The decision of the voluntary liquidation shall be issued by partners or the general assembly. 3- The liquidation decision shall include the appointment of the liquidator, determination of its authorities, fees, the restrictions imposed on its authorities and the time limit required for liquidation. The period of the voluntary liquidation shall not exceed five (5) years and may be extended only by a judicial order. 4- The authority of the board of directors of the company shall expire by its dissolution. However, it shall manage the company and be deemed by third parties as liquidators until the liquidator is appointed. During the period of liquidation, the terms of reference of the company organs that are consistent with the terms of reference of the liquidator shall remain. Preservation of the rights of the participants in the surplus of insurance operations and the reserves formed in accordance with articles (44) and (45) of these articles shall be observed in the voluntary liquidation.

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إتحاد الخليج الأهلية للتأمين التعاوني
GULF UNION AL AHLIA COOPERATIVE INSURANCE

Rights Issue Prospectus

The offering of Rights under this Prospectus is contingent on the shareholder's approval to increase the share capital in accordance with the board's recommendation and the Company's obtaining regulatory approvals. An invitation was sent to hold an Extraordinary General Assembly Meeting (EGM) to increase the capital through a Rights Issue on 26/08/1443H (corresponding to 29/03/2022G). The Shareholders should note that if the shareholders' approval is not obtained to increase the capital through a Rights Issue, the Rights Issue will automatically stop. In such case, this Prospectus shall be considered void and shareholders will be notified accordingly.

Rights Issue Prospectus

Gulf Union Al Ahlia Cooperative Insurance Co.

إتحاد الخليج الأهلية للتأمين التعاوني
GULF UNION AL AHLIA COOPERATIVE INSURANCE

Gulf Union Al Ahlia Cooperative Insurance Co. is a Saudi Joint Stock Company established in accordance with Council of Ministers Resolution No. (233) dated 16/09/1427H (corresponding to 09/10/2006G), Royal Decree No. (M/60) dated 18/09/1427H (corresponding to 11/10/2006G), Ministerial Resolution No. (196/Q) dated 22/7/1428H (corresponding to 05/08/2007G) and under the Commercial Register No. (2050056228) dated 13/07/1428H (corresponding to 26/08/2007G).

Offering twenty-two million nine hundred and forty-seven thousand four hundred and sixty-four (22,947,464) ordinary shares, at an offer price of ten (10) Saudi riyals per share, through issuing rights shares with a total value of two hundred and twenty-nine million four hundred and seventy-four thousand six hundred and forty (229,474,640) Saudi riyals, thus increasing the company's capital by (100%), so the company's capital became four hundred and fifty-eight million nine hundred and forty-nine thousand two hundred and eighty (458,949,280) Saudi riyals.

Trading Period: Starts on ××/××/××××H (corresponding to ××/××/××××G) and ends on ××/××/××××H (corresponding to ××/××/××××G)

Subscription Period: starts on××/××/××××H (corresponding to ××/××/××××G) and ends on ××/××/××××H (corresponding to ××/××/××××G)

Gulf Union Al Ahlia Cooperative Insurance Co. (hereinafter referred to as the "Company" or "Issuer") was established as a Saudi public Joint Stock Company under the name of "Gulf Union Cooperative Insurance Co." in accordance with Council of Ministers Resolution No. (233) dated 16/09/1427H (corresponding to 09/10/2006G), Royal Decree No. (M/60) dated 18/09/1427H (corresponding to 11/10/2006G), Ministerial Resolution No. (196/Q) dated 22/7/1428H (corresponding to 05/08/2007G) and under the Commercial Register No. (2050056228) dated 13/07/1428H (corresponding to 26/08/2007G) issued by the City of Al Dammam, located at Al Dammam - South Khalidiya District - Salman Al Farisi Str., Unit 1 - 2 - 3 of Kyoto, Business District, P.O Box. 5719 Dammam 31432, Kingdom of Saudi Arabia. On 21/04/1442H (corresponding to 06/12/2020G), "Al Ahlia Cooperative Insurance Co." was merged into "Gulf Union Cooperative Insurance Co." and hence the tradename of the Company became "Gulf Union Al Ahlia Cooperative Insurance Co." while retaining the number and date of Commercial Register. The Company obtained Saudi Central Bank's permit No. (TMN /20079/9) dated 29/08/1428H (corresponding to 11/09/2007G) to practice insurance activities in the following areas: (General insurance, health insurance and protection and savings insurance). The company's capital upon incorporation is two hundred and twenty million (220,000,000) Saudi riyals, divided into twenty-two million (22,000,000) ordinary shares with a nominal value of ten (10) Saudi riyals per share, paid in full. The Company's current capital is two hundred twenty-nine million four hundred Seventy-four thousand six hundred and forty (229,474,640) Saudi riyals, divided into twenty-two million nine hundred and forty-seven thousand four hundred and sixty-four (22,947,464) ordinary shares with a nominal value of ten (10) Saudi riyals per share, paid in full (referred to individually as "current share" and collectively as "current shares"). As of the date of this Prospectus, key shareholder of the Company (who own 5% or more of the Company's shares) is Gulf Union Al Ahlia Cooperative Insurance Co. who owns two million four hundred and seventy five thousand (2,475,000) shares, i.e. (10.785%) of the company's shares prior to the offering.

The company's board of directors, in its meeting held on 13/03/1443H (corresponding to 19/10/2021G), recommended increasing the company's capital by offering rights shares with a value of two hundred and twenty-nine million four hundred and seventy-four thousand six hundred and forty (229,474,640) Saudi riyals, after Obtaining all necessary statutory approvals and approval of the extraordinary general assembly. The Company obtained Central Bank's no-objection to the capital increase under letter No. (43038443) dated 27/04/1443H (corresponding to 02/12/2021G).

On ××/××/××××H (corresponding to ××/××/××××G), the Company's EGM approved to increase company's capital through the issuance of rights shares. Subscription shall be done through offering twenty two million nine hundred and forty-seven thousand four hundred and sixty-four (22,947,464) new ordinary shares (referred to as "Rights Shares" or "New Shares") at an offer price of ten (10) Saudi Riyals per share (hereinafter referred to as "Offer Price") with a nominal value of ten (10) Saudi riyals, in order to increase the company's capital from two hundred and twenty-nine million four hundred and seventy-four thousand six hundred and forty (229,474,640) Saudi riyals, to four hundred and fifty-eight million, nine hundred and forty-nine thousand two hundred and eighty (458,949,280) Saudi riyals, increasing the number of shares from twenty-two million nine hundred and forty-seven thousand four hundred and sixty-four (22,947,464) ordinary shares to forty-five million eight hundred and ninety-four thousand nine hundred and twenty-eight (45,894,928) ordinary shares.

The Rights will be issued in the form of tradable securities (collectively "Rights" and individually "Right") to the Company's shareholders as at the close of trading on the date of the EGM to increase the capital ("Eligibility Date") and those who are registered in the Company's shareholders register at the Depository Center at the end of the second trading day following the date of the EGM approving the capital increase on ××/××/××××H (corresponding to ××/××/××××G) (individually "Registered Shareholder" and collectively "Registered Shareholders"). Such Rights will be deposited into the Registered Shareholders' portfolios after the EGM meeting, noting that settlement procedures will be in the amount of (1) Right for each (1) share of the Company. Each Right grants its holder the right to subscribe to one New Share at the Off-er Price.

All Registered Shareholders and other investors ("New Investors"), who may trade the Rights and subscribed to the New Shares, will be able to trade and subscribe to the Rights in the Saudi Stock Exchange ("Tadawul" or "Market"). The trading period and subscription period will commence from ××/××/××××H (corresponding to ××/××/××××G), provided that the trading period ends on ××/××/××××H (corresponding to ××/××/××××G) ("Trading Period"), while the subscription period will continue until the end of ××/××/××××H (corresponding to ××/××/××××G) ("Subscription Period"). It is important to note that the Trading Period and the Subscription Period will start on the same day while the Trading Period continues until the end of the sixth day of the period, and the Subscription Period continues until the end of the ninth day of the same period. During the Trading Period, the Registered Shareholders will be able to trade the Rights by selling the acquired Rights or part thereof or buying additional Rights through the Market. In addition, New Investors will be able to buy and sell the Rights during trading period through the Market.

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

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

If any shares remain unsubscribed after the end of the Subscription Period ("Rump Shares"), they will be offered to a number of institutional investors ("Institutional Investors") (referred to as "Rump Offering"). Such Institutional Investors shall submit their offers for purchasing the Rump Shares and the receipt of those offers shall commence at 10:00 AM on ××/××/××××H (corresponding to ××/××/××××G) and continue until 5:00 PM on ××/××/××××H (corresponding to ××/××/××××G) ("Rump Offering Period"). Rump Shares shall be allocated to Institutional Investors in order of the offered price starting with the highest offer until all of the Rump Shares have been allocated (provided that the price shall not be less than the Offer Price). Rump Shares shall be allocated on a pro-rata basis among Institutional Investors that provided offers at the same price. The fractional shares shall be added to the Rump Shares and treated in the same manner. All proceeds resulting from the sale of the Rump Shares shall be distributed to the Company and any proceeds in excess (if any) without calculating any fees or deductions (exceeding the Offer Price) for the eligible persons, as per their entitlement on a pro-rata basis no later than ××/××/××××H (corresponding to ××/××/××××G). Noting that investors who did not subscribe to or sell his/her rights, and those holding fractional shares, may not receive any consideration in case of sale at offer price during the rump share period. In the event that the Institutional Investors did not subscribe to all of the Rump Shares and factional shares, then these shares shall be allocated to the Underwriter, who shall subscribe for such shares at the Offer Price (please refer to Section 13 - "Details on Shares and Subscription Terms and Conditions"). Allocation of shares will be announced no later than ××/××/××××H (corresponding to ××/××/××××G). ("Allocation Date") (Please refer to Section 13 "Details on Subscription Terms and Conditions"). After the subscription process is completed, the company's capital will reach four hundred and fifty-eight million, nine hundred and forty-nine thousand two hundred and eighty (458,949,280) Saudi riyals, divided into forty-five million eight hundred and ninety-four thousand nine hundred and twenty-eight (45,894,928) ordinary shares. The net subscription proceeds will be mainly used to support the company's future plans, enhance the margin of solvency, and increase investment income. (Please refer to Section (7) -"Use of Proceeds and Future Plans").

The Company has one class of shares. No Shareholder shall have any preferential rights. The New Shares will be paid in full and will be exactly equal to outstanding shares. Each share entitles its holder to one vote and each shareholder of the Company ("Shareholder") has the right to attend and vote at the Shareholders' General Assembly meetings ("General Assembly") (ordinary or extraordinary). The Shareholders holding the New Shares will be entitled to any dividends declared by the Company from the start of Subscription, if any.

On 29/08/1428H (corresponding to 11/09/2007G), all of Company's shares, twenty two million (22,000,000) ordinary shares in a nominal value of ten (10) Saudi Riyals, were listed in Tadawul through public offering. Founding shareholders subscribed in (60%) of the Company's shares, i.e. thirteen million and two hundred thousand (13,200,000) ordinary shares, with a total amount of one hundred and thirty two million (132,000,000) Saudi Riyals of an equal value of ten (10) Saudi Riyals per share. The public subscribed in (40%) of the Company's shares, i.e. eight million and eight hundred thousand (8,800,000) ordinary shares, with a total amount of eighty eight million (88,000,000) Saudi Riyals of an equal value of ten (10) Saudi Riyals per share. On 22/08/1438H (corresponding to18/05/2017G), the EGM approved the reduction of Company's capital from two hundred and twenty million (220,000,000) Saudi Riyals to one hundred and fifty million (150,000,000) Saudi Riyals, i.e. a reduction by (31.82%), thus reducing the Company's shares from twenty two million (22,000,000) shares to fifteen million (15,000,000) shares through the cancellation of seven million (7,000,000) of Company's issued shares. On 18/02/1442H (corresponding to 05/10/2020G), the EGM approved increasing the Company's capital from one hundred and fifty million (150,000,000) Saudi Riyals to two hundred twenty nine million, four hundred seventy four thousand and six hundred and forty (229,474,640) Saudi Riyals through merging with Al Ahlia Cooperative Insurance Co. and issuance of compensation shares of seven million, nine hundred forty seven thousand and four hundred sixty four (7,947,464) shares, with a nominal value of ten (10) Saudi Riyals per share.

The company's outstanding shares are currently traded on Tadawul. The Company has submitted an application to Saudi Capital Market Authority ("CMA") for registering and offering the New Shares. The Company has submitted another application to Tadawul to accept the listing of the New Shares. This Prospectus has been approved as all the required documents have been submitted and all the requirements of the relevant authorities have been fulfilled. The trading of New Shares is expected to commence on Tadawul shortly after the final allocation of New Shares and refund of extra subscriptions (please refer to page (N) "Key Dates and Subscription Procedures" of this Prospectus). Upon registering and listing of the New Shares, Saudi nationals; non-Saudi nationals holding valid residence permits in Saudi Arabia; GCC nationals, Saudi and GCC companies and funds and Qualified Foreign Financial Investors and Approved QFI Clients will be permitted to trade in the Shares pursuant to the CMA's Rules for Qualified Foreign Financial Institutions Investment in Listed Shares will be permitted to trade the New Shares. Furthermore, other categories of foreign investors are entitled to the economic benefits associated with the New Shares by concluding swap agreements with persons authorized by CMA (the "Licensed Person"), noting that the Licensed Person shall in such case be the registered legal owner of shares.

The "Important Notice", in page (A), and Section (2) "Risk Factors" of this Prospectus together with the entirety of the Prospectus should be read carefully prior to making a decision to invest in the New Shares offered hereunder.

Financial advisor, Lead manager and Underwriter

يقين Yaqeen

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

This Prospectus was issued on 05/08/1443H (corresponding to 08/03/2022G)

إتحاد الخليج الأهلية للتأمين التعاوني

GULF UNION AL AHLIA COOPERATIVE INSURANCE

Important Notice

This Prospectus (the "Prospectus") provides full details of information relating to Gulf Union Al Ahlia Cooperative Insurance Company and the Rights Shares offered for subscription. In subscribing to the Rights Shares, investors shall be treated as applying on the basis of the information contained in this Prospectus, copies of which are available at the head office of the Company, the Lead Manager, or by visiting the company's website (www.gulfunion.com.sa), Financial Advisor's website (www.falcom.com.sa), or CMA's website (www.cma.org.sa).

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

The Company has appointed ("Yaqeen Capital") as a financial advisor ("Financial Advisor"), lead manager ("Lead Manager"), and Underwriter ("Underwriter") regarding the offering of Rights Shares to increase the Company's capital under this Prospectus.

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

While the Company has made all reasonable studies and enquiries as to the accuracy of the information contained in this Prospectus as of the date hereof, substantial portions of the market and industry information referenced herein are derived from external sources. While none of the Company, its directors, Financial Advisor, or the Company's advisors, whose names appear on Pages (F) and (G) of this Prospectus ("Advisors"), have any reason to believe that any of the market and industry information is materially inaccurate, neither the Company nor any of its Advisors have independently verified such information. Accordingly, no representations or assurances are made with respect to the accuracy or completeness of any of this information.

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

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

All the Registered Shareholders and other public investors ("New investors") who may trade in the Rights and subscribe for the New Shares, will be able to trade and subscribe to Right issue shares on Tadawul Group ("Tadawul", "Market" or "Saudi Tadawul"). The trading period and subscription period which both will commence on ××/××/××××H (corresponding to ××/××/××××G), where the trading period will end on ××/××/××××H (corresponding to ××/××/××××G) ("Trading Period"), and the subscription period will continue until the end of ××/××/××××H (corresponding to ××/××/××××G) ("Subscription Period"). It is important to note that the Trading Period and the Subscription Period will start on the same day while the Trading Period continues until the end of the sixth day of the period, and the Subscription Period continues until the end of the ninth day of the same period.

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

1) The subscription to New Shares during the Subscrption Period would be through one phase according to the following:
2) During this period, all Registered Shareholders and New Investors will be allowed to subscribe to the New Shares.
3) The Registered Shareholder will be entitled to subscribe directly to the number of his / her shares during the Subscription Period. If the Registered Shareholder buys new Rights, the Registered Shareholder will be able to subscribe to them by the end of the settlement period (two working days).
4) New investors will be entitled to subscribe to the new shares immediately after settling the rights purchase (two working days).
5) Subscription will be available electronically through investment portfolios in the trading platforms and applications, through which the sale and purchase of orders are entered, as well as through other channels and means provided by the broker.

If any shares remain unsubscribed after the end of the Subscription Period ("Rump Shares"), they will be offered to a number of institutional investors ("Institutional Investors") (referred to as "Rump Offering").

Such Institutional Investors shall submit their offers for purchasing the Rump Shares and the receipt of those offers shall commence at 10:00 AM on ××/××/××××H (corresponding to ××/××/××××G) and continue until 5:00 PM on ××/××/××××H (corresponding to ××/××/××××G) ("Rump Offering Period").

Rump Shares shall be allocated to Institutional Investors in order of the offered price starting with the highest offer until all of the Rump Shares have been allocated (provided that the price shall not be less than the Offer Price). Rump Shares shall be allocated on a pro-rata basis among Institutional Investors that provided offers at the same price.

As for the fractional shares, they will be added to the rump shares and treated reciprocally, and the total offering price collected from the rump offering process will be paid to the company and the rest of the proceeds from the offering process (if any) (in excess of the offering price) will be distributed to the beneficiaries, each according to what he is entitled to, at a maximum date ××/××/××××H (corresponding to ××/××/××××G).

Noting that investors who did not subscribe to or sell his/her rights, and those holding fractional shares, may not receive any consideration in case of sale at offer price during the rump share period.

In the event that the Institutional Investors did not subscribe to all of the Rump Shares and factional shares, then these shares shall be allocated to the Underwriter, who shall subscribe for such shares at the Offer Price (please refer to Section 13 - "Details on Shares and Subscription Terms and Conditions").

The final allocation will be announced no later than ××/××/××××H (corresponding to ××/××/××××G) ("Allocation Date") (Please refer to Section (13) - "Details on Shares and Offering Terms and Condition" of this Prospectus).

The offering of Rights under this Prospectus is contingent on the shareholder's approval to increase the share capital in accordance with the board's recommendation and the Company's obtaining regulatory approvals. An invitation was sent to hold an Extraordinary General Assembly Meeting (EGM) to increase the capital through a Rights Issue on 26/08/1443H (corresponding to 29/03/2022G). The Shareholders should note that if the shareholders' approval is not obtained to increase the capital through a Rights Issue, the Rights Issue will automatically stop. In such case, this Prospectus shall be considered void and shareholders will be notified accordingly.

Financial Information

The Company's audited financial statements for the financial year ending December 31, 2018G, and notes thereof, have been prepared in accordance with International Financial Reporting Standards (IFRS) approved in the Kingdom of Saudi Arabia, and other standards and publications approved by Saudi Organization for Certified Public Accountants (SOCPA). The Company's audited financial statements for the financial years ending December 31, 2019G, 2020G, and the (examined) unaudited interim condensed financial statements for the financial period ending on September 30, 2021G and the notes thereof, have been prepared in accordance with International Financial Reporting Standards (IFRS) approved in the Kingdom of Saudi Arabia, and other standards and publications approved by Saudi Organization for Certified Public Accountants (SOCPA).

The financial information for the year 2018G, provided in the audited financial statements for the financial year ending on December 31, 2018G, differs from that provided for the purposes of comparison in the audited financial statements for the financial year ending on December 31, 2019G, as it was amended according to the Central Bank circular received on 20/11/1440H (corresponding to 23/07/2019G), stipulating that the accounting policies for accounting treatment of zakat and income tax in the income statement in accordance with International Financial Reporting Standards (IFRS). Therefore, this prospectus has relied on the financial information for the year 2018G, which was amended in accordance with the aforementioned Central Bank circular and included for comparative purposes in the financial statements for the financial year ending on December 31, 2019G.

The company's financial statements for the financial year ending on December 31, 2018G have been assured and audited by KPMG Al Fozan & Partners - Accountants and Certified Auditors and Al Dar Auditing Company - Abdullah Al Basri & Partners, while the financial years ending on December 31, 2019G and 2020G were assured and audited by Al Kharashi & Partners - Certified Public Accountants and Auditors and PricewaterhouseCoopers. The company's financial statements for the financial period ending on September 30, 2021G were examined by PricewaterhouseCoopers and the United Accountants Company for Professional Consultations. The company issues its financial statements in Saudi riyals.

Some financial and statistical information contained in this Prospectus is rounded to the nearest decimal point. Therefore, in case of summing up the amounts presented in tables, it may not be exactly equivalent to the corresponding percentages as stated in the Prospectus.

Forecasts and Forward-looking Statements

Forecasts set forth in this Prospectus have been prepared on the basis of certain assumptions that have been identified and declared in relevant topics. The Company's future conditions may differ from the assumptions used, and no affirmation, representation, or warranty is made with respect to the accuracy or completeness of any of these forecasts.

Certain statements contained in this Prospectus represent statements on future prospects. Such statements can be identified by their use of forward-looking words such as "will", "may", "plans", "intends", "estimates", "believes", "expects", "anticipates", "should", "would be", or the negative or other variation of such terms or comparable terminology. These forward-looking statements reflect the current views of the Company and its management with respect to future events and are not a guarantee or confirmation of the Company's future performance. Many factors could cause the actual results, performance or achievements of the Company to be significantly different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements. The most important risks and factors that could have such an effect are described in more detail in other sections of this Prospectus (Refer to Section 2 – "Risk Factors"). Should any of these risks or uncertainties materialize or any underlying assumptions prove to be inaccurate or incorrect, actual results may vary materially from those described in this Prospectus.

Subject to the requirements of the Rules on the Offer of Securities and Continuing Obligations, the Company must submit a supplementary prospectus to the CMA if, at any time after the Prospectus has been approved by the CMA and before listing its shares on Tadawul, the Company becomes aware that: (1) There has been a significant change in material matters contained in this Prospectus or, (2) additional important matters that should have been included in this Prospectus. Except for both aforementioned circumstances, the Company does not intend to update or otherwise revise any information contained in this Prospectus, whether as a result of new information, future events, or other information related to the company, sector, or risk factors.

Company's Directory

Board Members								
Company's Board of Directors assigned on 20/04/1441H (corresponding to 17/12/2019G)*								
Name	Position	Status of membership and Independence	Nationality	Age	Shares			
					Direct		Indirect	
					Number	Percentage	Number	Percentage
Abdulaziz Ali Abdulrahman Al-Turki **	Chairman	Non-executive Non-independent	Saudi	77	227,454	0.9911944%	-	-
Fawaz Talal Ali Al-Tamimi**	Deputy Chairman	Non-executive Non-independent	Saudi	38	681	0.0029676%	*** 481,499	*** 2.0982667%
Munir Hashem Abdul Razzaq Al-Borno	Board member	Executive Non-independent	Canadian	75	681	0.0029676%	-	-
Majid Shatti Hammoud Al-Dhafiri	Board member	Non-executive Non-independent	Saudi	43	-	-	-	-
Ibrahim Abdullah Ibrahim Al-Mutref	Board member	Non-executive Independent	Saudi	73	681	0.0029676%	-	-
Ayham Muhammad Abdullah Al-Yousef	Board member	Non-executive Independent	Saudi	51	100	0.0004357%	-	-
Ghassan Muhammad Othman Kashmiri	Board member	Non-executive Independent	Saudi	52	-	-	-	-
Secretary of the board of directors								
Somaya Abdulaziz Ahmed Abu Daqin **	Secretary of the board of directors	-	Saudi	32	-	-	-	-

Source: The Company

* The EGM, in its meeting held on 20/04/1441H (corresponding to 17/12/2019G), agreed to elect the board members for the current session, which began on 20/04/1441H (corresponding to 17/12/2019G) for a period of three years and will expire on 22/05/1444H (corresponding to 16/12/2022G).

** The company's board of directors decided on 27/04/1441H (corresponding to 24/12/2019G) to appoint Mr. Abdulaziz Ali Abdulrahman Al-Turki as Chairman of the Board of Directors, and Mr. Fawaz Talal Ali Al-Tamimi as Vice Chairman, and Mrs. Somaya Abdulaziz Ahmed Abu Daqin as Secretary of the Board of Directors. The company obtained the Central Bank's no-objection on 09/07/1441H (corresponding to 04/03/2020G).

*** Indirect ownership by Vice Chairman Mr. Fawaz Talal Ali Al-Tamimi, as a result of his ownership in Al-Tamimi Company, owned by Ali and Muhammad Al-Tamimi, 100% of its capital, which holds 2.0982667% of the Gulf Union Al Ahlia Cooperative Insurance Company, so that his total indirect ownership amounts to 2.0982667% of the issuer's share capital.

It is worth noting that the company's board members, whose names are mentioned above, recommended on 13/03/1443H (corresponding to 19/10/2021G) to increase the company's capital through rights shares from two hundred and twenty-nine million four hundred and seventy-four thousand six hundred and forty (229,474,640) Saudi riyals to four hundred and fifty-eight million, nine hundred and forty-nine thousand two hundred and eighty (458,949,280) Saudi riyals, with an increase of 100%, thus increasing the number of company's shares from twenty-two million nine hundred and forty-seven thousand four hundred and sixty-four (22,947,464) ordinary shares to forty-five million Eight hundred and ninety-four thousand nine hundred and twenty-eight (45,894,928) ordinary shares.

Address of Company and Representatives

Gulf Union Al Ahlia Cooperative Insurance Co.

Al Dammam - South Khalidiya District - Salman Al Farisi Str.

Unit 1 - 2 - 3 of Kyoto, Business District

P.O. Box 5719 Dammam 31432

Kingdom of Saudi Arabia

Tel: +966 13 544 8333 - 920029926

Fax: +966 13 517 8333 - 920005922

E-mail: Headoffice@gulfunion-saudi.com

Website: www.gulfunion.com.sa

إتحاد الخليج الأهلية للتأمين التعاوني
GULF UNION AL AHLIA COOPERATIVE INSURANCE

Company's representatives before CMA and Tadawul

STATEMENT	FIRST AUTHORIZED COMPANY REPRESENTATIVE		SECOND AUTHORIZED COMPANY REPRESENTATIVE	
NAME	Abdulaziz Ali Abdulrahman Al-Turki		Mishaal Ibrahim Saleh Al-Shaya	
CAPACITY	Chairman		Chief Executive Officer (CEO)	
ADDRESS	Al Dammam - South Khalidiya District - Salman Al Farisi Str. Unit 1 - 2 - 3 of Kyoto, Business District P.O. Box 5719 Dammam 31432 Kingdom of Saudi Arabia		Al Dammam - South Khalidiya District - Salman Al Farisi Str. Unit 1 - 2 - 3 of Kyoto, Business District P.O. Box 5719 Dammam 31432 Kingdom of Saudi Arabia	
TEL:	+966 13 8249222	Ext: 5200	+966 11 5119800	Ext: 1001
FAX:	+966 13 8333 517		+966 13 8333 517	
E-MAIL:	BOD@gulfunion-saudi.com		m.shayea@gulfunion-saudi.com	

Source: The Company

Stock market

Saudi Tadawul Group (Tadawul)

King Fahad Road, Al Ulaya 6897

Unit no.: 15

Riyadh 12211-3388

Kingdom of Saudi Arabia

Tel: +966 920001919

Fax:+966 11 2189133

Email: csc@saudiexchange.sa

Website: www.saudiexchange.sa

تداول السعودية
Saudi Exchange

Advisord and Auditors

Financial Advisor, Lead Manager, and Underwriter

Yaqeen Capital

Riyadh- Al Woroud District - Al Ulaya Street

P.O Box 884 Riyadh 11421

Kingdom of Saudi Arabia

Tel:+966 8004298888

Fax:+966 11 2054827

E-mail: Info@falcom.com.sa

Website: www.falcom.com.sa

Legal Advisor

Suhail Partners Advocates and Legal Consultants

2163 Al Urubah Road - North Al Mathar

Home Offices - Unit 4-6

P.O. Box 7795 Riyadh 12334

Kingdom of Saudi Arabia

Tel: +966 11 2605555

E-mail: capitalmarkets@suhailpartners.sa

Website: www.suhailpartners.sa

Auditor for financial year ending on December 31, 2018G

KPMG Al Fozan & Partners - Accountants and Certified Auditors

Riyadh - Riyadh Front – Airport Road

P.O. Box 92876 Riyadh 11663

Kingdom of Saudi Arabia

Tel: +966 11 8748500

Fax:+966 11 8748600

E-mail: marketingsa@kpmg.com

Website: www.kpmg.com.sa

Auditor for financial year ending on December 31, 2018G

Al Dar Auditing Company - Abdullah Al Basri & Partners

Riyadh - Ulaya St, - Al Mousa Commercial Compound

P.O Box 2195 Riyadh 11451

Kingdom of Saudi Arabia

Tel: +966 11 4630680

Fax:+966 11 4645939

E-mail: info@sa.gt.com

Website: www.grantthornton.sa

Auditor for financial years ending on December 31, 2019G and 2020G

Soliman Abdullah Al Kharashi (Al Kharashi & Partners - Certified Public Accountants and Auditors)

Riyadh - North Al Mathar - Al Takhassusi Street
PO Box 8306, Riyadh 11482
Kingdom of Saudi Arabia
Tel: 920028229
Fax: +966 11 477 4924
E-mail: general@alkharashicaa.com
Website:www.alkharashicaa.com

Auditor for financial years ending on December 31, 2019G and 2020G and the nine-month period ending on September 30, 2021G

PricewaterhouseCoopers- PWC

Al Khobar - King Fahd Road - Al Hugayet Tower
P.O Box 467 Dhahran 31932
Kingdom of Saudi Arabia
Tel: +966 13 8496311
Fax: +966 13 8496281
E-mail: ali.basri@pwc.com
Website: www.pwc.com

Auditor for the nine-month period ending on September 30, 2021G

United Accountants Company for Professional Consultations

Riyadh - Al Urubah Road - Ulaya District - Building No. 3193, First Floor
P.O. Box 12333 Riyadh 8335
Kingdom of Saudi Arabia
Tel: +966 11 4169361
Fax:+966 11 4169349
E-mail: malsous@rsmsaudi.com
Website: www.rsmksa.com

Note:

The above Advisors have provided their written consent to the publication of their names, addresses and logos in the Prospectus, and none of them has withdrawn such consent as at the date of this Prospectus. None the abovementioned Advisors, auditors, their employees, or any of their relatives, have any shareholding or interest of any kind in the Company as of the date of this Prospectus.

Summary of the Offer

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

Issuer's Name, Description, and Information on its Incorporation	Gulf Union Al Ahlia Cooperative Insurance Co. (hereinafter referred to as the "Company" or "Issuer") was established as a Saudi Public Joint Stock Company under the name of "Gulf Union Cooperative Insurance Co." in accordance with Council of Ministers Resolution No. (233) dated 16/09/1427H (corresponding to 09/10/2006G), Royal Decree No. (M/60) dated 18/09/1427H (corresponding to 11/10/2006G), Ministerial Resolution No. (196/Q) dated 22/7/1428H (corresponding to 05/08/2007G) and under the Commercial Register No. (2050056228) dated 13/07/1428H (corresponding to 26/08/2007G) issued by the City of Al Dammam, located at Al Dammam - South Khalidiya District - Salman Al Farisi Str., Unit 1 - 2 - 3 of Kyoto, Business District, P.O Box. 5719 Dammam 31432, Kingdom of Saudi Arabia. On 21/04/1442H (corresponding to 06/12/2020G), "Al Ahlia Cooperative Insurance Co." was merged into "Gulf Union Cooperative Insurance Co." and hence the tradename of the Company became "Gulf Union Al Ahlia Cooperative Insurance Co." while retaining the number and date of Commercial Register. The Company obtained Saudi Central Bank's permit No. (TMN /20079/9) dated 29/08/1428H (corresponding to 11/09/2007G) to practice insurance activities in the following areas: (General insurance, health insurance and protection and savings insurance).
Issuer's activities	The company operates under Commercial Registration No. (2050056228) dated 13/07/1428H (corresponding to 26/08/2007G), and Saudi Central Bank's permit No. (TMN/21/20095) dated 15/05/1430H (corresponding to 11/ 05/2009G) to practice insurance activity in the following areas: (general insurance, health insurance, protection and savings insurance). Such Permit was renewed on 20/03/1443H (corresponding to 26/10/2021G) for three years starting from 26/08/1443H (corresponding to 29/03/2022G) and expiring on 25/08/1446H (corresponding to 24/02/2025G). The Comapny's activities, according to its Commercial Register, are protection and savings insurance, health insurance and general insurance. Activities of the Company, in accordance with its Articles of Association, are practising cooperative insurance works in the following areas (General insurance, health insurance and protection and savings insurance). The Company may perform all such works necessary to achieve its purposes, whether in filed of insurance or investing its funds, possess, transfer, sell, replace or lease fixed and cash assets, directly or through other companies it establishes or purchases or in collaboration with other entities. The Company practices its activities according to the provisions of Cooperative Insurance Companies Supervision Law, its executive regulation, and other applicable laws and regulations in the Kingdom of Saudi Arabia after obtaining necessary licenses from competent authorities (if any). The company obtained licenses from the Central Bank of Saudi Arabia to carry out its activities. (For more information, please see subsection (10.7.1) "Table of Approvals and Licenses" of section (10) "Legal information" of this Prospectus).

<table>
<tr><td>Substantial Shareholders, their number of shares and percentages prior to the offering.</td><td>As at the date of this Prospectus, substantial shareholders (owning 5% or more of the Company's share capital) are Gulf Union Holding Company. The table below sets out the shareholding of Gulf Union Holding Company prior to and after the offering:
<table>
<tr><th rowspan="2">Shareholder</th><th colspan="2">Prior to Offering</th><th colspan="2">*After Offering</th></tr>
<tr><th>Number of shares</th><th>Percentage (%)</th><th>Number of shares</th><th>Percentage (%)</th></tr>
<tr><td>Gulf Union Holding Company</td><td>2,475,000</td><td>10.785%</td><td>4,950,000</td><td>10.785%</td></tr>
</table>
Source: The Company
* Number of shares and percentage of ownership, assuming that Gulf Union Holding Company subscribed to all new shares entitled to it. The quantity may differ in case of subscription to less or more than shares allocated to it through selling its rights during the period of trading or buying the rights shares.</td></tr>
<tr><td>Nature of the Offering</td><td>Increasing the Company's capital by issuing Rights Shares.</td></tr>
<tr><td>Purpose of the offering</td><td>The company aims, through increasing its capital by offering rights shares, to support its future plans, enhance the margin of solvency, and increase investment income. (Please refer to Section (7) -"Use of Proceeds and Future Plans").</td></tr>
<tr><td>Total Estimated Proceeds, Breakdown Analysis and Description of its Potential Use.</td><td>The total proceeds from subscription to the rights issue are expected to reach two hundred and twenty-nine million four hundred and seventy-four thousand six hundred and forty (229,474,640) Saudi riyals. The net subscription proceeds will be mainly used to support the company's future plans, enhance the margin of solvency, and increase investment income.
The table below sets out the suggested usage of proceeds:
<table>
<tr><th>Use</th><th>Value (SAR)</th></tr>
<tr><td>Increase the statutory deposit</td><td>34,421,196</td></tr>
<tr><td>Investment</td><td>189,053,444</td></tr>
<tr><td>Offering Costs</td><td>6,000,000</td></tr>
<tr><td>Total</td><td>229,474,640</td></tr>
</table>
Source: The Company
(For Breakdown Analysis and Description of the above uses, Please refer to Section (7) -"Use of Proceeds and Future Plans").</td></tr>
<tr><td>Offering Costs</td><td>Offering costs are expected to reach six million (6,000,000) Saudi Riyals, including fees of the Financial Advisor, Lead Manager, Underwriter, Legal Advisor, Professional Financial Care Consultant, CMA fees, marketing, printing and distribution expenses, as well as other related expenses. (Please refer to Section (7) -"Use of Proceeds and Future Plans").</td></tr>
<tr><td>Net Proceeds</td><td>The net proceeds from the offering are expected to reach two hundred and twenty-three million four hundred and seventy-four thousand six hundred and forty (223,474,640) Saudi riyals. (Please refer to Section (7) -"Use of Proceeds and Future Plans").</td></tr>
<tr><td>Company's Capital Prior to the Offering</td><td>Two hundred twenty-nine million four hundred and seventy-four thousand six hundred and forty (229,474,640) Saudi riyals.</td></tr>
<tr><td>Company's Capital Post the offering</td><td>Four hundred and fifty-eight million nine hundred and forty-nine thousand two hundred and eighty (458,949,280) Saudi riyals.</td></tr>
<tr><td>Total Number of Issuer's Shares Prior to the Offering</td><td>Twenty-two million nine hundred and forty-seven thousand four hundred and sixty-four (22,947,464) ordinary shares, paid in full.</td></tr>
</table>

Total number of Issuer's Shares Post to the Offering	Forty-five million eight hundred and ninety-four thousand nine hundred and twenty-eight (45,894,928) ordinary shares, paid in full.
Nominal Value Per Share	Ten (10) Saudi riyals per share.
Total offered shares	Twenty-two million nine hundred and forty-seven thousand four hundred and sixty-four (22,947,464) ordinary shares, paid in full.
Percentage of offered shares to Issuer's capital	100% of Issuer's capital prior to the offering.
Offering price	Ten (10) Saudi riyals per share.
Total Offering Value	Two hundred twenty-nine million four hundred and seventy-four thousand six hundred and forty (229,474,640) Saudi riyals.
Number of Underwritten Shares	Twenty-two million nine hundred and forty-seven thousand four hundred and sixty-four (22,947,464) ordinary shares.
Total Value of Underwritten Shares	Two hundred twenty-nine million four hundred and seventy-four thousand six hundred and forty (229,474,640) Saudi riyals.
Categories of Targeted Investors	Registered Shareholders and New Investors
Registered Shareholders	Shareholders who own shares at the end of trading on the day of EGM on capital increase and who are registered in the company's shareholders register at Depository Center at the end of the second trading day following the EGM on ××/××/××××H (corresponding to ××/××/××××G).
New Investors	General Individual and institutional investors - with the exception of the Registered Shareholders - who have purchased the Rights Issue during the Trading Period.
The Rights	Rights are tradable securities that entitle its holders the right to subscribe to New Shares upon approval of the capital increase. It is an earned right for all Registered Shareholders. The Rights may be traded during the Trading period. Each Right entitles its holder to subscribe to one share of the New Shares at the Offer Price. Rights will be deposited in registered shareholders' portfolio after the EGM on capital increase has convened. These rights will appear in the Registered Shareholders' portfolios under a new priority right-related symbol.
Number of Rights Issued	Twenty-two million nine hundred and forty-seven thousand four hundred and sixty-four (22,947,464) rights.
Eligibility factor	Each registered shareholder shall be entitled to (1) right per each (1) share owned by the Registered Shareholders. This factor is the result of dividing the number of New Shares by the number of the Comapny's current shares.
Eligibility Date	Shareholders who own shares at the end of trading on the day of EGM on capital increase, and who are registered in the company's shareholders register at the end of the second trading day following the EGM on capital increase, on ××/××/××××H (Corresponding to ××/××/××××G).
Trading Period	Trading Period will start on ××/××/××××H (corresponding to ××/××/××××G), and it will continue until the end of ××/××/××××H (corresponding to ××/××/××××G). During this period, all Rights holders, whether registered investors or new investors, may trade or subscribe to the Rights.

Subscription Period	Subscription Period will start on ××/××/××××H (corresponding to ××/××/××××G), and it will continue until the end of ××/××/××××H (corresponding to ××/××/××××G). During this period, all rights holders, whether they are registered investors or new investors, may exercise their right to subscribe to the New Shares.
How to apply	Subscription applications are submitted electronically via financial brokers' websites and platforms that provide such services for subscribers or by any other means provided by the brokers.
Exercising Subscription to the Rights	Eligible Persons may subscribe for the New Rights Shares through electronic subscription via financial brokers' websites and platforms that provide such services for subscribers or by any other means provided by the brokers. Eligible Persons may exercise their priority rights as follows: 1) During the Subscription Period, registered shareholders may exercise the rights granted to them and any additional rights purchased thereby during the Trading Period by subscribing to the new shares. They will also be entitled to take no action in respect of the Rights they hold. 2) During the Subscription Period, new shareholders may exercise the Rights purchased thereby during the Trading Period through subscription to new shares. They will also be entitled to take no action in respect of the Rights they hold. In case new shares are not subscribed by registered shareholders or new investors during the subscription period, the Rump Shares resulting from the unexercised Rights will be offered in the Rump Offering Period.
Indicative Value of a Right	The indicative value of a Right reflects the difference between the market value of the Company's share during the Trading Period and the Offer Price. Tadawul will continuously calculate and publish the indicative value of a Right during the Trading Period on its website with a 5-minute delay. The market information providers will also publish this information, which will allow investors to be informed of the indicative value of a Right when entering orders.
Trading Price of the Right	The trading price of a Right as determined by the supply and demand mechanism in the market. Therefore, it may differ from the indicative value of a right.
Rump Offering	If any shares remain unsubscribed after the end of the Subscription Period ("Rump Shares"), they will be offered to a number of institutional investors ("investment institutions"). These investment institutions submit their offers to purchase the rump shares, and those offers will be received starting from ten in the morning on ××/××/××××H (corresponding to ××/××/××××G) until five in the evening of the following day ××/××/××××H (corresponding to ××/××/××××G) (the "Rump Offering Period"). Rump Shares shall be allocated to Institutional Investors in order of the offered price starting with the highest offer until all of the Rump Shares have been allocated (provided that the price shall not be less than the Offer Price). Rump Shares shall be allocated on a pro-rata basis among Institutional Investors that provided offers at the same price. Fractional shares shall be added to the Rump Shares and treated in the same manner.
Method of Allocation and Refund	Shares will be allocated to each investor as per the number of rights exercised fully and correctly. The fractional shares shall be added to the Rump Shares and then be offered to Institutional Investors during the Rump Offering Period. All proceeds resulting from the sale of the Rump Shares shall be distributed to the Company and any proceeds in excess (if any) without calculating any fees or deductions (exceeding the Offer Price) shall be distributed to eligible persons, who did not subscribe totally or partially in new shares, and holders of fractional shares, noting that investors who did not subscribe to or sell his/her rights, and those holding fractional shares, may not receive any consideration in case of sale at offer price during the rump share period. (please refer to Section (13) - "Details on Shares and Subscription Terms and Conditions" of this prospectus).

	Oversubscribed amounts, if any, will be refunded to the subscribers without any charge or deductions by the Lead Manager.
Allocation Date	Allocation of shares will be announced no later than ××/××/××××H (corresponding to ××/××/××××G).
Date of refunding the surplus from the subscription	Oversubscribed amounts, if any, will be refunded to the subscribers without any charge or deductions by the Lead Manager no later than ××/××/××××H (corresponding to ××/××/××××G).
Payment of Compensation Amounts (if any)	Cash compensation amounts will be paid to Eligible Persons who did not subscribe, wholly or partially, for the New Shares, as well as to the holders of fractional shares, without deductions, no later than ××/××/××××H (corresponding to ××/××/××××G), noting that the compensation amounts represent the remaining proceeds from the sale of Rump Shares and fractional shares, in excess of Offer Price.
Adjusted price	The Company's share price in the Saudi Stock Exchange (Tadawul) has been adjusted to (××) Saudi Riyals per share, prior to the trading day following the day on which the Extraordinary General Meeting on capital increase is held. This represents a decrease in the Share Price by (××) Saudi Riyals per share.
Trading of New Shares	Trading of New Shares is expected to commence on "Tadawul" after completion of all relevant regulatory procedures related to allocation and listing of shares.
Listing and trading of the Priority Rights	Rights will be listed on Tadawul and shall be traded during the Trading Period. A separate symbol will be given to the Company's priority rights, independent from the symbol of the Company's Shares on the Tadawul screen. During the Trading Period, the Registered Shareholders shall have several options including selling the Rights, or a part thereof, on Tadawul, purchasing additional Rights through Tadawul or refraining from taking any action in respect of the Rights whether by selling or purchasing additional Rights. During the Trading Period, New Investors will be entitled to purchase Rights through Tadawul, sell them or a part thereof or take no action in respect of the Rights purchased during the Trading Period. The "Tadawul" system will cancel the Company's priority rights symbol on the Tadawul screen following the end of the trading period of the priority rights. Accordingly, the trading of priority rights will end by the end of the Trading Period.
Entitlement to Dividends	The Shareholders holding the New Shares will be entitled to any dividends declared by the Company from the start of Subscription.
Voting Rights	The Company has one class of shares. No Shareholder shall have any preferential rights. The New Shares will be paid in full and will be exactly equal to outstanding shares. Each share entitles its holder to one vote and each shareholder of the Company ("Shareholder") has the right to attend and vote at the Shareholders' General Assembly meetings ("General Assembly") (ordinary or extraordinary). The shareholder may authorize another shareholder, other than board members, to attend ordinary general assembly meetings on his/her behalf.

Restrictions on Trading Shares	The company's shares were listed on Tadawul on 29/08/1428H (corresponding to 11/09/2007G). It is worth noting that the ban period of three full fiscal years, each of which is not less than twelve months, on founding shareholders has passed, and therefore all shares are tradable in accordance with the rules, regulations and instructions issued by the Capital Market Authority, however the founding shareholders must obtain Saudi Central Bank's approval and then CMA's approval before selling their shares.
Restrictions on Trading Rights	There are no restrictions on the trading of rights.
Previously Listed Shares	On 29/08/1428H (corresponding to 11/09/2007G), all of Company's shares, twenty two million (22,000,000) ordinary shares in a nominal value of ten (10) Saudi Riyals, were listed in Tadawul through public offering. Founding shareholders subscribed in (60%) of the Company's shares, i.e. thirteen million and two hundred thousand (13,200,000) ordinary shares, with a total amount of one hundred and thirty two million (132,000,000) Saudi Riyals of an equal value of ten (10) Saudi Riyals per share. The public subscribed in (40%) of the Company's shares, i.e. eight million and eight hundred thousand (8,800,000) ordinary shares, with a total amount of eighty eight million (88,000,000) Saudi Riyals of an equal value of ten (10) Saudi Riyals per share. On 22/08/1438H (corresponding to18/05/2017G), the EGM approved the reduction of Company's capital from two hundred and twenty million (220,000,000) Saudi Riyals to one hundred and fifty million (150,000,000) Saudi Riyals, i.e. a reduction by (31.82%), thus reducing the Company's shares from twenty two million (22,000,000) shares to fifteen million (15,000,000) shares through the cancellation of seven million (7,000,000) of Company's issued shares. On 18/02/1442H (corresponding to 05/10/2020G), the EGM approved increasing the Company's capital from one hundred and fifty million (150,000,000) Saudi Riyals to two hundred twenty nine million, four hundred seventy four thousand and six hundred and forty (229,474,640) Saudi Riyals through merging with Al Ahlia Cooperative Insurance Co. and issuance of compensation shares of seven million, nine hundred forty seven thousand and four hundred sixty four (7,947,464) shares, with a nominal value of ten (10) Saudi Riyals per share.
Terms of Subscription for the Priority Rights Shares	Eligible persons wishing to subscribe to the New Shares must fulfill the relevant subscription conditions. To view the terms, conditions, and instructions for the subscription (please refer to Section (13) "Details on Shares and Offering Terms and Conditions" of this Prospectus).
Risk factors	There are certain risks associated with investing in this Offering, which can be generally categorized into: (1) risks related to Company's business, (2) risks related to the market and sector, and (3) risks related to new shares. Such shares risks are discussed in Section (2) "Risk Factors" of this Prospectus, which should be carefully studied prior to making a decision to invest in the Rights Shares.
New Shares	Twenty-two million nine hundred and forty-seven thousand four hundred and sixty-four (22,947,464) ordinary shares, which will be issued to increase the company's capital.
Major adjustments made to the information disclosed in this Prospectus.	The publication of last Prospectus issued by the company dated 25/04/1428H (corresponding to 12/05/2007G) was approved by CMA. (Please refer to subsection (10.11) "Essential information that has changed since CMA approval of the last share issue Prospectus" of Section (10) "Legal Information" of this Prospectus).

Note: The Section "Important Notice" in Page (A) as well as Section 2 "Risk Factors" of this Prospectus should be read carefully prior to making a decision to invest in the Rights Shares under this Prospectus.

Key Dates and Subscription Procedures

Event	Date
The convening of the EGM approving the capital increase and determining the eligibility date and the eligible shareholders, noting that eligible shareholders are the shareholders registered in the company's shareholders register at Depository Center at the end of the second trading day following the EGM.	××/××/××××H (corresponding to ××/××/××××G)
Trading Period	Trading Period will start on ××/××/××××H (corresponding to ××/××/××××G), and it will continue until the end of ××/××/××××H (corresponding to ××/××/××××G). During this period, all Rights holders, whether registered investors or new investors, may trade or subscribe to the Rights.
Subscription Period	Subscription Period will start on ××/××/××××H (corresponding to ××/××/××××G), and it will continue until the end of ××/××/××××H (corresponding to ××/××/××××G). During this period, all rights holders, whether they are registered investors or new investors, may exercise their right to subscribe to the New Shares.
End of Subscription Period	Subscription period will expire and applications will be received until the end of ××/××/××××H (corresponding to ××/××/××××G).
Rump Offering Period	Offering Period will start at 10:00 AM on ××/××/××××H (corresponding to ××/××/××××G) until 5:00 PM on ××/××/××××H (corresponding to ××/××/××××G).
Notification of Final Allocation	Day ××/××/××××H (corresponding to ××/××/××××G)
Payment of compensation amounts (if any) for Eligible Persons who did not participate in the Offering, totally or partially, and those entitled to Shares fractions.	Day ××/××/××××H (corresponding to ××/××/××××G)
Expected date of commencement of trading in new shares	Trading in new shares shall be announced on Tadawul upon the completion of all related regulatory procedures.

Note: All of the above-mentioned dates are approximate. Actual dates will be announced on the website of Tadawul (www.saudiexchange.sa).

Key Announcement Dates

Announcement	Announcement by	Announcement Date
Announcement regarding the invitation for the Extraordinary General Assembly for capital increase.	The Company	Day 26/08/1443H (corresponding to 29/03/2022G)
Announcement regarding the Extraordinary General Assembly outcome with regard to capital increase.	The Company	Day ××/××/××××H (corresponding to ××/××/××××G)
Announcement regarding the change in the Company's Share Price, deposit of Rights, and indicative value of the Rights	Tadawul	Day ××/××/××××H (corresponding to ××/××/××××G)
Announcement regarding the Rights trading period and the new shares subscription periods	The Company	Day ××/××/××××H (corresponding to ××/××/××××G)
Announcement on the start of the Subscription Period and Trading Period	Tadawul	Day ××/××/××××H (corresponding to ××/××/××××G)
Reminder announcement regarding the commencement of Trading Period and Subscription Period	The Company	Day ××/××/××××H (corresponding to ××/××/××××G)
Reminder announcement regarding the last day for trading Rights and noting the importance of selling and last day for subscription	The Company	Day ××/××/××××H (corresponding to ××/××/××××G)
Announcement: • Subscription Results • Details of the sale of Unsubscribed Shares (if any) and commencement of the Rump Offering	The Company	Day ××/××/××××H (corresponding to ××/××/××××G)
Announcement regarding the results of the Rump Offering and allocation of rights	The Company	Day ××/××/××××H (corresponding to ××/××/××××G)
Announcement regarding the deposit of New Shares in investors' portfolios	Edaa	Day ××/××/××××H (corresponding to ××/××/××××G)
Announcement regarding the distribution of compensation amounts (if any)	The Company	Day ××/××/××××H (corresponding to ××/××/××××G)

Note: All of the above-mentioned dates are approximate. Actual dates will be announced on the website of Tadawul (www.saudiexchange.sa).

In addition, the date of depositing the New Shares in the investors' portfolios will be determined in coordination with the Securities Depository Center Company (Edaa).

How to apply

Subscribing for the New Shares is limited to Eligible Persons, whether Registered Shareholders or New Investors. In the event that Eligible Persons do not subscribe for the Rights, the Unsubscribed Shares shall be offered to Institutional Investors during the Rump Offering Period. Eligible Persons wishing to subscribe for the New Shares should submit the subscription application forms via the means and services provided by the broker to investors, on condition that Eligible Persons should have a bank account with the brokers offering such services.

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

Q&A related to Rights

What is a Rights Issue?

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

Who is granted the Rights?

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

When are the Rights deposited?

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

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

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

How many Rights can be acquired by a Registered Shareholder?

The number of Rights to be acquired by a Registered Shareholder is subject to the number of Shares held by the Registered Shareholder in the Company's Shareholders Register at the Depository as at the close of the second trading day after the EGM.

What is the Rights Issue eligibility factor?

It is the means by which the Registered Shareholder can determine the Rights it is entitled to in relation to its shareholding under the Company's Shareholders Register held with the Depository Center at the close of the second trading day following the date of the EGM. It is calculated by dividing the number of New Shares by the number of the Company's existing Shares. It is, therefore, (1) share for each (1) share held by registered shareholders on eligibility date; for example, if a registered shareholder owns (1,000) shares on eligibility date, then (1,000) shares will be allocated to him/her in consideration of his/her shareholding.

Will these Rights be tradable under a different name/ symbol of the Company's shares?

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

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

The opening price of the Right is the difference between the closing price of the share on the day preceding the Rights listing and the Offer Price (the indicative value of the Right). For example, if the closing price of a share on the preceding day is (15) Saudi Riyals and the Offer Price is (10) Saudi Riyals, the opening price of the Rights will be (5) Saudi Riyals.

Who is the Registered Shareholder?

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

Can Registered Shareholders subscribe for additional shares?

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

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

Yes, the Shareholder loses his/her eligibility to subscribe if he sells his/her shares on, or one working day before, the date of EGM.

How does the Subscription take place?

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

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

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

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

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

Are share certificate holders allowed to subscribe and trade?

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

Are additional Rights purchasers entitled to trade them once again?

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

Is it possible to sell a part of these Rights?

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

When can a Shareholder subscribe for the Rights he/she purchased during the Trading Period?

After settlement of the purchase of Rights (two business days), on condition that subscription to the rights will be during subscription period.

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

No. After the expiry of Trading Period, the Eligible Person may only exercise the right to subscribe for the Rights Shares or not. In case the Right is not exercised, the investor may be subject to loss or decrease in the value of his/her investment portfolio, or profit in case of selling the shares during the Rump Offering Period at a higher price than the offer price.

What happens to the Rights that are unsold or unsubscribed for during the Trading and Subscription Periods?

If the New Shares are not fully subscribed for during the Subscription Period, the remaining New Shares will be offered for subscription through an offering to be organized by the Lead Manager. The amount of compensation (if any) to the Rights holder will be calculated after deducting the subscription value. The investor may not receive any consideration if the sale occurs during the Rump Offering Period at the Offer Price.

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

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

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

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

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

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

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

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

What are the Trading and Offering Periods?

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

Is it possible to subscribe during the weekend?

No.

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

Yes. Investors can subscribe for the Rights Shares upon full purchase of Rights during the Trading Period.

Additional assistance:

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

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

Summary of Key Information

Notice to investors

This summary provides a brief overview of the basic information contained in this prospectus. Since it is a summary, it does not include all information that may be of interest to shareholders and other general institutional and individual investors. Recipients of this prospectus should read it in full, particularly Section "Important Notice" in Page (A) as well as Section 2 "Risk Factors" of this Prospectus, before making any investment decision regarding new rights or shares. All terms and abbreviations contained in this Prospectus have been defined in Section (1) "Terms and Definitions" of this Prospectus.

Company Overview

Gulf Union Al Ahlia Cooperative Insurance Co. (hereinafter referred to as the "Company" or "Issuer") was established as a Saudi Public Joint Stock Company under the name of "Gulf Union Cooperative Insurance Co." in accordance with Council of Ministers Resolution No. (233) dated 16/09/1427H (corresponding to 09/10/2006G), Royal Decree No. (M/60) dated 18/09/1427H (corresponding to 11/10/2006G), Ministerial Resolution No. (196/Q) dated 22/7/1428H (corresponding to 05/08/2007G) and under the Commercial Register No. (2050056228) dated 13/07/1428H (corresponding to 26/08/2007G) issued by the City of Al Dammam, located at Al Dammam - South Khalidiya District - Salman Al Farisi Str., Unit 1 - 2 - 3 of Kyoto, Business District, P.O Box. 5719 Dammam 31432, Kingdom of Saudi Arabia. On 21/04/1442H (corresponding to 06/12/2020G), "Al Ahlia Cooperative Insurance Co." was merged into "Gulf Union Cooperative Insurance Co." and hence the tradename of the Company became "Gulf Union Al Ahlia Cooperative Insurance Co." while retaining the number and date of Commercial Register.

The Company obtained Saudi Central Bank's permit No. (TMN /20095/21) dated 15/05/1430H (corresponding to 11/05/2009G) to practice insurance activities in the following areas: (General insurance, health insurance and protection and savings insurance). Such Permit was renewed on 20/03/1443H (corresponding to 26/10/2021G) for three years starting from 26/08/1443H (corresponding to 29/03/2022G) and expiring on 25/08/1446H (corresponding to 24/02/2025G).

The Company's capital amounts to two hundred twenty nine million, four hundred seventy four thousand, six hundred and forty (229,474,640) Saudi Riyals divided into twenty two million, nine hundred forty seven thousand, four hundred and sixty four (22,947,464) ordinary shares at a nominal value of ten (10) Saudi Riyals per share, paid in full.

As of the date of this Prospectus, key shareholder of the Company (who own 5% or more of the Company's shares) is Gulf Union Al Ahlia Cooperative Insurance Co. who owns two million four hundred and seventy five thousand (2,475,000) shares, i.e. (10.785%) of the company's shares prior to the offering.

History of the company and the Most Important Developments of its Capital Structure

- Gulf Union Al Ahlia Cooperative Insurance Co. was established as a Saudi Public Joint Stock Company under the name of "Gulf Union Cooperative Insurance Co." in accordance with Council of Ministers Resolution No. (233) dated 16/09/1427H (corresponding to 09/10/2006G), Royal Decree No. (M/60) dated 18/09/1427H (corresponding to 11/10/2006G), Ministerial Resolution No. (196/Q) dated 22/7/1428H (corresponding to 05/08/2007G) and under the Commercial Register No. (2050056228) dated 13/07/1428H (corresponding to 26/08/2007G) issued by the City of Al Dammam.
- On 29/08/1428H (corresponding to 11/09/2007G), all of Company's shares, twenty two million (22,000,000) ordinary shares in a nominal value of ten (10) Saudi Riyals, were listed in Tadawul through public offering. Founding shareholders subscribed in (60%) of the Company's shares, i.e. thirteen million and two hundred thousand (13,200,000) ordinary shares, with a total amount of one hundred and thirty two million (132,000,000) Saudi Riyals of an equal value of ten (10) Saudi Riyals per share. The public subscribed in (40%) of the Company's shares, i.e. eight million and eight hundred thousand (8,800,000) ordinary shares, with a total amount of eighty eight million (88,000,000) Saudi Riyals of an equal value of ten (10) Saudi Riyals per share.
- On 22/08/1438H (corresponding to18/05/2017G), the EGM approved the reduction of Company's capital from two hundred and twenty million (220,000,000) Saudi Riyals to one hundred and fifty million (150,000,000) Saudi Riyals, i.e. a reduction by (31.82%), thus reducing the Company's shares from twenty two million (22,000,000) shares to fifteen million (15,000,000) shares through the cancellation of seven million (7,000,000) of Company's issued shares.
- On 18/02/1442H (corresponding to 05/10/2020G), the EGM approved increasing the Company's capital from one hundred and fifty million (150,000,000) Saudi Riyals to two hundred twenty nine million, four hundred seventy four thousand and six hundred and forty (229,474,640) Saudi Riyals through merging with Al Ahlia Cooperative Insurance Co. and issuance of compensation shares of seven million, nine hundred forty seven thousand and four hundred sixty four (7,947,464) shares, with a nominal value of ten (10) Saudi Riyals per share.
- On 21/04/1442H (corresponding to 06/12/2020G), "Al Ahlia Cooperative Insurance Co." was merged into "Gulf Union Cooperative Insurance Co." and hence the tradename of the Company became "Gulf Union Al Ahlia Cooperative Insurance Co." while retaining the number and date of Commercial Register.
- On xx/xxx/xxxxH (corresponding to ××/××/××××G), the EGM approved to increase the company's capital by (100%) from two hundred and twenty-nine million four hundred and seventy-four thousand six hundred and forty (229,474,640) Saudi riyals to four hundred and fifty-eight million nine hundred and forty-nine thousand two hundred and eighty (458,949,280) Saudi riyals, thus increasing the number of shares from twenty-two million nine hundred and forty-seven thousand four hundred and sixty-four (22,947,464) ordinary shares to forty-five million eight hundred and ninety-four thousand nine hundred and twenty-eight (45,894,928) ordinary shares of equal value, the value of each is ten (10) Saudi riyals, by issuing twenty-two million nine hundred and forty-seven thousand four hundred and sixty-four (22,947,464) new ordinary shares as rights shares with a nominal value of ten (10) Saudi riyals per share.

Summary of Company's activities

The Company practices its activities under the Commercial Register No. (2050056228) dated 13/07/1428H (corresponding to 26/08/2007G). The Comapny's activities, according to its Commercial Register, are protection and savings insurance, health insurance and general insurance.

Activities of the Company, in accordance with its Articles of Association, are practising cooperative insurance works in the following areas (General insurance, health insurance and protection and savings insurance). The Company may perform all such works necessary to achieve its purposes, whether in filed of insurance or investing its funds, possess, transfer, sell, replace or lease fixed and cash assets, directly or through other companies it establishes or purchases or in collaboration with other entities. The Company practices its activities according to the provisions of Cooperative Insurance Companies Supervision Law, its executive regulation, and other applicable laws and regulations in the Kingdom of Saudi Arabia after obtaining necessary licenses from competent authorities (if any).

The company exercises its activities through its head office in Dammam, and its branches in Dammam, Riyadh, Jeddah, in addition to the network of points of sale throughout the Kingdom (for more information, please refer to subsection (10.7.2.8) "Company branches and points of sale" from Section (10). ("Legal information" of this Prospectus). The company obtained the Central Bank's permit No. (TM/21/20095) on 15/05/1430H (corresponding to 11/05/2009G) to practice the following insurance activities:

a) General Insurance, including:

- ✓ Accident and liability insurance.
- ✓ Property insurance.
- ✓ Engineering insurance.
- ✓ Vehicle insurance.
- ✓ Maritime insurance.

b) Health insurance

c) Protection and Savings Insurance

(For more information, please refer to Subsection (3.3)" Company's main activities" of Section (3) "Overview of the Company and Nature of its Business" of this Prospectus).

Company vision

Delivering insurance services and offerings to the biggest number of clients through opening branches in various cities and areas.

Company Mission

The Company strives to provide clients with insurance services and offerings at competitive prices and excellent quality.

Company Strategy

GUA developed a strategy that enables the achievement of its mission and vision. Such strategy includes the following elements:

- Expand in using digital solution to deal with clients and consumers.
- Strive to develop Corporate IT infrastructure.
- Consolidate the Company's efforts across KSA to focus on maximizing profits.
- Develop and improve relationships with service providers.
- Focus on products and types of client with highest profitability margin.

Company's Strengths & Competitive Advantages

The Company outperforms its competitors through the following:

- High profile management including Saudi cadres in top and middle positions.
- Excellent relationships with clients and reinsurers.
- A well-known and prestigious trademark.
- State-of-the-art customer service program.
- Widespread POS network across the Kingdom.
- Internally developed medical claims program.

Summary of Financial Information

Summary of the financial information below is based on the company's audited financial statements for financial years ending on December 31, 2019G (containing comparative figures for the financial year ending on December 31, 2018G), 2020G and the (examined) unaudited interim condensed financial statements for the financial period ending on September 30, 2021G and the notes attached to it.

Statement of Financial Position (SAR)	Financial year ending on December 31			The nine-month period ending on September 30
	2018G (audited)	2019G (audited)	2020G (audited)	2021G (unaudited)
Total assets	638,955,708	706,121,926	1,139,717,663	964,903,749
Total Liabilities	471,507,743	561,619,233	867,386,153	816,991,688
Total shareholders ' equity	167,447,965	144,502,693	272,331,510	147,912,061
Total Liabilities and Shareholders Equity	638,955,708	706,121,926	1,139,717,663	964,903,749

Source: Company's financial statements for financial years ending in 2019G, 2020G and the nine-month period ending on September 30, 2021G.

Statement of income (SAR)	Financial year ending on December 31			The nine-month period ending on September 30	
	2018G (audited)	2019G (audited)	2020G (audited)	2020G (unaudited)	2021G (unaudited)
Gross written premiums	328,001,675	558,796,291	557,123,448	383,026,602	421,672,124
Net written premiums	203,671,339	423,862,914	452,466,878	306,339,776	321,620,020
Net earned premiums	167,996,116	326,855,467	434,884,137	309,031,986	448,457,651
Total revenue	196,846,368	353,814,690	459,429,225	325,320,836	465,526,580
Total subscription costs and expenses	(128,961,529)	(316,818,036)	(410,407,293)	(270,253,386)	(518,422,890)
Net underwriting income (loss)	67,884,839	36,996,654	49,021,932	55,067,450	(52,896,310)
Total other operating (expenses)	(61,552,920)	(67,735,235)	88,386,053))	(60,747,975)	(67,757,125)
Total Comprehensive Loss	(1,194,161)	(22,945,272)	(41,134,268)	(3,746,168)	(124,419,449)

Source: Company's financial statements for financial years ending in 2019G, 2020G and the nine-month period ending on September 30, 2021G.

Statement of Cash Flows (SAR)	Financial year ending on December 31			The nine-month period ending on September 30	
	2018G (audited)	2019G (audited)	2020G (audited)	2020G (unaudited)	2021G (unaudited)
Net cash generated from / used in operating activities	1,879,970	23,032,568	17,497,524	27,624,298	(140,606,621)
Net cash generated from / used in investment activities	(98,059,564)	7,643,837	97,448,752	43,177,881	82,128,944
Net cash generated from / used in financing activities	-	14,061,396	(2,301,000)	(2,236,000)	(84,000)
Net change in cash and cash equivalents during the year/period	(96,179,594)	44,737,801	112,645,276	68,566,179	(58,561,677)
Cash and cash equivalents at the beginning of the year/period	118,304,546	22,124,952	66,862,753	66,862,753	179,508,029
Cash and cash equivalents at the end of the year/period	22,124,952	66,862,753	179,508,029	135,428,932	120,946,352

Source: Company's financial statements for financial years ending in 2019G, 2020G and the nine-month period ending on September 30, 2021G.

Key financial performance indicators	Indicator Unit	Financial year ending on December 31			The period ending September 30	
		2018G	2019G	2020G	2020G	2021G
Attribution ratio	%	37.9%	24.2%	18.8%	20.0%	23.7%
Retention ratio	%	62.1%	75.9%	81.2%	80.0%	76.3%
Net loss ratio	%	59.3%	89.8%	85.1%	78.9%	102.4%
insurance policy acquisition expenses / net earned premiums	%	10.3%	8.8%	9.6%	9.6%	9.2%
Reinsurance commission income/ net earned premiums	%	16.7%	8.2%	5.6%	5.2%	3.7%
Expense ratio	%	45.0%	26.8%	25.5%	25.0%	19.7%
Combined ratio	%	98.0%	117.3%	114.7%	108.3%	127.5%

Source: management information

Market Overview

According to the report of the third quarter of 2021G issued by the Saudi Central Bank (formerly the Monetary Agency), The insurance sector witnessed an increase in the total written insurance premiums by 9.9% compared to the third quarter of the year 2020G, to reach 9.7 billion Saudi riyals. Where health insurance, protection and savings, and other insurance types witnessed an increase in the gross written premiums. The increase in the total written premiums for health insurance by 13.9% led to an increase in the share of health insurance in total written premiums from (59.2%) in the third quarter of 2020G to (61.4%) in the third quarter of 2021G, with an increase of (2.2%). On the other hand, the total written premiums for protection and savings insurance increased by (25.8%), which led to an increase in its share of total written premiums from (3.4%) in the third quarter of 2020G to (3.9%) in the third quarter of current year. Regarding the written premiums for other types of general insurance, it was noted that there was an increase of (11.6%) compared to the corresponding quarter of last year, as its share of the total written premiums amounted to (15.8%) compared to (14.7%) in the third quarter of 2020G. As for vehicle insurance, the total written premiums decreased by (4.6%) to reach (18.9%) of the total written premiums for the current year.

The report showed a decrease in insurance contribution to GDP and insurance contribution to non-oil GDP, as insurance contribution to GDP decreased to (1.3%) for the second quarter of 2021G, compared to (1.8%) in the first quarter. While insurance contribution to non-oil GDP amounts (1.8%) for the second quarter, compared to (2.4%) for the first quarter of the year. The results also showed that the net insurance premiums subscribed to increased from (7,410.4) million riyals in the third quarter of last year to (8,007.8) million riyals in the third quarter of 2021G, with an increase of (8.06%).

The report also showed a decrease in net income as a whole, as it amounted to (10) million riyals for the third quarter of this year compared to last year of (295) million riyals for the third quarter of 2020G, despite the increase in net investment income by 21.3%. Where the main reason for the decline during the two years was the loss in insurance operations income, which amounted to a loss of (273) million riyals for the third quarter of 2021G, due to the increase in the insurance companies' expenses rate from 18.3% to 19.3% for the third quarter of this year. During the third quarter of the year, it was noted that the insurance sector as a whole suffered from an increasing loss rate from (78.5%) for the third quarter of 2020G to reach (81.7%) for the third quarter of 2021G. The increase may be due to both vehicle and health insurance, in particular, where the increase in the loss rate reached (0.7%) for the third quarter of the year compared to the previous year for health insurance, and an increase of (13.8%) in the loss rate for the third quarter of the year compared to last year for vehicle insurance. The factors that may have contributed to affecting the loss rate for both vehicle and health insurance include: the return of insurance claims levels to their normal levels before Covid-19, the increase in price competition and the effect of postponing non-emergency medical procedures.

The world witnessed exceptional circumstances during the year 2020G, after the outbreak of the Corona virus outside China, at all levels, the most important of which is the economic. During the pandemic, the Kingdom's economy declined by (4.1%) in 2020G, as the decline in global demand for energy products, which resulted from the closure of the global economy and the complete ban of some countries, led to the contraction of oil sector and the impact of the non-oil sector due to the precautionary measures imposed to limit the spread of the epidemic Among the most important are the closure of local markets and curfews. During the year 2021G, the Kingdom was able to mitigate the effects of Covid-19 and preserve the gains by launching a number of initiatives and outputs to support the global economy and overcome the effects of the pandemic.

The Central Bank also launched a number of initiatives to limit the effects of the pandemic on the insurance sector, most notably: extending vehicle insurance policies for individuals for a period of two months without incurring any additional costs, and directing insurance companies to make sufficient technical allocations for health claims resulting from postponing health services until after curfew period. In terms of developing the insurance sector and enhancing its capabilities to face risks and keep pace with the Kingdom's economic growth, the Saudi Central Bank is urging insurance companies to increase their capital through one of the most important means to achieve this, which is merger and acquisition, where mergers contribute to enhancing the competitive capabilities of the insurance sector by creating large insurance entities that are able to compete. The sector witnessed the success of two mergers of insurance companies in the Kingdom, one of which is the merger of Al Ahlia Company for Cooperative Insurance and the Gulf Union Cooperative Insurance Company to become a single entity under the name of "Gulf Union Al Ahlia Cooperative Insurance Company". (Source: Annual Report issued by the Central Bank 1442H/2021G).

Summary of risk factors

Investors, who wish to subscribe to the offering shares, should read and study the entire Prospectus before making an investment decision as to whether to trade or subscribe to the Rights Issue, particularly Risk Factors shown in detail in Section (2) "Risk Factors" of this Prospectus.

a) **Risks of Company's Activity and Operations**

b) **Risks of Market and Industry**

c) **Risks of the offered securities**

إتحاد الخليج الأهلية للتأمين التعاوني
GULF UNION AL AHLIA COOPERATIVE INSURANCE

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1 Definitions and Terms

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

Term or Abbreviation	Definition
Company or Issuer	Gulf Union Cooperative Insurance Company, Saudi Public Joint Stock.
Management	Company's Executive Management
Kingdom	Kingdom of Saudi Arabia
Articles of Association	Company's articles of association
Ministry of Commerce	Ministry of Commerce (formerly Trade and Investment) in the kingdom of Saudi Arabia.
Ministry of Investment	Ministry of Investment (formerly Saudi Arabian General Investment Authority) in the kingdom of Saudi Arabia.
Rules on the Offer of Securities and Continuing Obligations	Rules on the Offer of Securities and Continuing Obligations issued by CMA board pursuant to Resolution No. 3-123-2017 dated 09/04/1439H (corresponding to 27/12/2017G). In accordance with the Capital Market Law passed by Royal Decree No. (M/30) dated 02/6/1424H, and amended by CMA Board Resolution No. 1-07-2021 dated 01/06/1442H (corresponding to 14/01/2021G).
Board or Board of Directors and Board Members	Company's Board of Directors, whose names are stated in Page (D),(46) and (138).
Advisors	Advisors to the Company whose names appear on Pages (F) and (G).
CMA or Authority	The Capital Market Authority of the Kingdom of Saudi Arabia.
Central Bank	Saudi Central Bank (formerly Saudi Arabian Monetary Authority)
Capital Market Law (CML)	Capital Market Law issued under Royal Decree No. (M/30) dated 02/6/1424H (corresponding to 31/07/2003G). as amended.
Saudi Exchange (Tadawul)	Saudi Tadawul Company (formerly the Saudi Stock Exchange Company) one of the Saudi Tadawul Group companies, established in accordance with Cabinet's Resolution dated 29/02/1428H (corresponding to 19/03/2007G), in implementation of the Capital Market Law. It is a Saudi closed joint stock company, and the only entity It is authorized to operate as a stock exchange in the Kingdom of Saudi Arabia, where it lists and trades securities.
Saudi Stock Exchange, Stock Exchange, Stock Market, Exchange, or Tadawul	Saudi Exchange for trading of securities
Tadawul	Automated system for trading securities.
Companies Law	Companies Law promulgated by Royal Decree No. (M/3) dated 28/1/1437H (corresponding to 10/11/2015G), enter in force on 25/07/1437H (corresponding to 02/05/2016G) as amended by Royal Decree No. (M/79) dated 25/07/1439H (corresponding to 11/04/2018G).
Cooperative Insurance Companies Control Law	The Cooperative Insurance Companies Control Law in the Kingdom issued under royal decree no. (M/32) dated 02/06/1424H (corresponding to 31/07/2003G).
The Implementing Regulations of the Cooperative Insurance Companies Control Law	Implementing Regulations of the Cooperative Insurance Companies Control Law issued by Saudi Central Bank dated 01/03/1425H (corresponding to 20/04/2004G).
The Central Bank License	The license to practice insurance and re-insurance business (where applicable, as issued by the Central Bank "formerly Saudi Arabian Monetary Authority").

Insurance	Transfer of the burden of risks from the insured to the insurer (or the insurance company) and indemnification of the insured by the insurer (or the insurance company) against loss and damage.
Insurance Policy or Document	The contract by which the insurance company indemnifies the insured against loss or damage covered by the document or policy in return of a premium paid by the insured to the insurance company.
General Assembly	Shareholders General Assembly Meeting of the Company
Ordinary General Assembly Meeting	Shareholders Ordinary General Assembly Meeting of the Company
Extraordinary General Assembly (EGM)	Shareholders Extraordinary General Assembly Meeting of the Company.
Government	Government of the Kingdom of Saudi Arabia.
Corporate Governance Regulations	Saudi Corporate Governance Regulations issued by the CMA's Board pursuant to Resolution No. (8-16-2017) dated 16/5/1438H (corresponding to 13/2/2017G). in accordance with the Companies Law promulgated by Royal Decree No. (M/3) dated 28/1/1437H, as amended by the CMA Board Resolution No. 3-57-2019 dated 15/09/1440H (corresponding to 20/05/2020G).
Cooperative Insurance Companies Governance Regulations	The Insurance Companies Governance Regulations issued by the Saudi Central Bank dated 08/01/1437H (corresponding to 21/10/2015G).
Related Parties	Means, under the Rules on the Offer of Securities and Continuing Obligations and the Glossary of terms used in the regulations of the Capital Market Authority as issued by the CMA Board Resolution No. 4-11-2004 dated 20/08/1425H (corresponding to 04/10/2004G) as amended by CMA Board Resolution No. 1-7-2021 dated 01/06/1442H (corresponding to 14/01/2021G). 1) Affiliates of the Issuer. 2) Substantial shareholders in the Issuer. 3) Directors and senior executives of the Issuer. 4) Directors and senior executives of the affiliates of the Issuer. 5) Directors and senior executives of the substantial shareholders of the Issuer. 6) Any relatives of the persons referred to in (1, 2, 3, 4, or 5) above. 7) Any company controlled by any person referred to in (1, 2, 3, 4, 5, or 6) above.
Listing rules	The listing rules issued by the Saudi Stock Exchange Company (Tadawul) and approved by the Capital Market Authority board resolution no. 3-123-2017, dated 09/04/1439H (corresponding to 27/12/2017G), and amended by the board resolution no. (1-104-2019), dated 01/02/1441H (corresponding to 30/09/2019G).
International Financial Reporting Standards (IFRS)	A set of accounting standards and interpretations thereof issued by the International Financial Reporting Standards Board. (International Financial Reporting Standards Board).
Financial Year/Years	The period during which the result of facility's activity is presented, where the beginning and end of this period are specified in the Company's articles of association or bylaws. The Company's fiscal year ended on December 31.
Localization / Saudization	Replacement of expatriate workers by Saudi citizens in private sector jobs.
Saudi Riyal or Riyal	The official currency of the Kingdom of Saudi Arabia.
Saudi Organization for Certified Public Accountants (SOCPA)	Saudi Organization for Certified Public Accountants in the Kingdom of Saudi Arabia.
General Organization for Social Insurance ("GOSI")	The General Organization for Social Insurance in the Kingdom of Saudi Arabia.
Ministry of Human Resources and Social Development	Ministry of Human Resources and Social Development (formerly Ministry of Labour and Social Development) in the Kingdom of Saudi Arabia.

Working day	Any business day except for Fridays and Saturdays, any day that is an official holiday in the Kingdom of Saudi Arabia, or any day on which banks are closed in accordance with applicable laws and other government procedures.
Labor Law	The Saudi Labor Law issued by Royal Decree No. M/51 dated 23/08/1426H. (corresponding to 27/09/2005G), amended by Royal Decree No. M/5 dated 07/01/1442H (corresponding to 26/08/2020G).
H	Hijri calendar.
G	Gregorian calendar.
Securities Depository Center Company / Depository Center	a closed joint stock company wholly owned by the Saudi Exchange Company (Tadawul). It was established in 2016 under the Saudi Companies Law as issued by Royal Decree No. M/3 dated 28/01/1437H (corresponding to 11/11/2015G).
Vision 2030	The national strategic economic program that aims at reducing dependence on oil and petrochemicals, diversifying the Saudi economy, and developing public services.
Value Added Tax (VAT)	On 02/05/1438H (corresponding to 30/01/2017G), the Cabinet decided to approve the unified VAT agreement for Gulf Cooperation Council (GCC) countries, which came into force on January 1st, 2018G, as a new tax added to the system of taxes and other fees to be implemented by Specific industries in the Kingdom, and in the GCC countries. The amount of this tax is 5%, where a number of products have been excluded therefrom (e.g. basic foods, services related to health care and education). The Kingdom's government decided to increase the value-added tax rate from 5% to 15% starting from 01 July 2020G.
Rights or Pre-emptive Rights	Tradable securities that entitle its holders the right to subscribe to New Shares upon approval of the capital increase. It is an earned right for all Registered Shareholder and each right entitles its holder to subscribe to one share of the New Shares at the Offer Price. Rights will be deposited after the extraordinary general assembly on capital increase has convened on ××/××/××××H (corresponding to ××/××/××××G). These rights will appear in the Registered Shareholders' portfolios under a new right-related symbol. The Registered Shareholders will be informed of the deposit of Rights in their portfolios, and by Tadawulati services as provided by Depository Center and by SMS sent by corporate brokers.
Indicative Value of a Right	The difference between the market value of a company's share during the trading period and the offering price.
Trading Price of the Right	The trading price of a Right as determined by the supply and demand mechanism in the market. Therefore, it may differ from the indicative value of a right.
Financial Advisor	Yaqeen Capital
Underwriter	Yaqeen Capital
Lead Manager	Yaqeen Capital
Offering Period	Offering Period: Starts from ××/××/××××H (corresponding to ××/××/××××G) until ××/××/××××H (corresponding to ××/××/××××G).
Offer/Subscription Price	Ten (10) Saudi riyals per share.
Rump Shares	Rump Shares which were not subscribed for during the Offering Period.
Rump Offering	Rump Shares Unsubscribed by Eligible Persons shall be offered to Institutional Investors by offering them during Rump Offering Period.
Rump Offering Period	The period starts from 10:00 AM on ××/××/××××H (corresponding to ××/××/××××G) until 05:00 PM of the next day on ××/××/××××H (corresponding to ××/××/××××G).
New Shares	Twenty-two million nine hundred and forty-seven thousand four hundred and sixty-four (22,947,464) ordinary shares, which will be issued to increase the company's capital.

Eligibility factor	The result of dividing the number of new shares by the number of existing shares of the company.
Eligible persons	All Rights holders, whether Registered Shareholders or those who have purchased the Rights during the Trading Period.
Substantial Shareholders	As of the date of this Prospectus, key shareholder of the Company (who own 5% or more of the Company's shares) is Gulf Union Holding Company that owns two million four hundred and seventy-three thousand seven hundred and thirty-seven (2,473,737) shares, i.e. (10.78%) of the company's shares before the offering.
Founding Shareholders	Founding Shareholders of the Company.
The Public	According to the CMA rules and regulations, the Public means any person other than the following: 1) Affiliates of the Issuer. 2) Substantial shareholders in the Issuer. 3) Directors and senior executives of the Issuer. 4) Directors and senior executives of the affiliates of the Issuer. 5) Directors and senior executives of the substantial shareholders of the Issuer. 6) Any relatives of the persons referred to in (1, 2, 3, 4, or 5) above. 7) Any company controlled by any person referred to in (1, 2, 3, 4, 5, or 6) above. 8) Persons working together and, collectively, holding 5% or more of the share class to be listed.
Net Proceeds	Net Proceeds of Offering after deduction of offering expenses.
Person	Natural person.
Prospectus	This document prepared by the Company in relation to the subscription of priority rights shares.
Listing	Listing securities on the primary market or - where the context allows - submitting a listing application to Tadawul.
Registered Shareholders	Shareholders who own shares at the end of trading on the day of EGM on capital increase and who are registered in the company's shareholders register at Depository Center at the end of the second trading day following the EGM on ××/××/××××H (corresponding to ××/××/××××G).
New Investors	General Individual and institutional investors - with the exception of the Registered Shareholders - who have purchased the Rights Issue during the Trading Period.
Shares	The company's ordinary shares, amounting to twenty-two million, nine hundred and forty-seven thousand, four hundred and sixty-four (22,947,464) ordinary shares, with a nominal value of ten (10) Saudi riyals per share.
Brokers	Capital market institutions licensed by the Capital Market Authority to conduct the activity of dealing in securities in the capacity of an agent.
Institutional Investors	Includes a number of institutions, as follows: 1. Government entities and Government owned companies, whether investing directly or through a portfolio manager, or any international entity recognized by the CMA, the Exchange or any other stock exchange recognized by CMA or the Depository Center. 2. Mutual funds established in the Kingdom and publicly offered besides private funds which invest in the securities listed in the Saudi Stock Exchange, if such is permitted by the fund's terms and conditions and subject to the provisions and restrictions provided in the Investment Fund Regulations. 3. Persons authorized to deal in securities as principals, provided that the financial adequacy requirements are observed. 4. Customers of a capital market institution to conduct management activities, provided that such capital market institution has been appointed on terms upon which it may make decisions regarding the acceptance of the Offering subscription and investment in Tadawul on behalf of the customer without obtaining prior approval.

	5. Any legal persons that may open an investment account in the Kingdom and an account with the Depository Center, taking into consideration the rules and regulations that apply on investments by listed companies in securities provided that the participation by such company shall not cause any conflict of interest. 6. GCC Investors with Legal Personality, including companies and funds established in the GCC countries. 7. Qualified foreign investors. 8. A final legal beneficiary in a swap agreement concluded with capital market institution, in accordance with the terms and regulations of the swap agreements.
Subscriber	Anyone who subscribes to the offered shares.
Shareholder	Owner or holder of shares as of any specified time.
GCC	The Gulf Cooperation Council.
National Product	Gross National Product of the Kingdom of Saudi Arabia. It is the market value of all final goods and services recognized locally and have been produced within a specific period of time.
Pandemic or Corona Virus "Covid-19" Covid-19.	It is a contagious viral disease known as the Coronavirus and abbreviated "Covid-19", as it began to spread in most countries of the world, including the Kingdom of Saudi Arabia, at the beginning of the year 2020G, and as a result, the World Health Organization classified it as a pandemic.
General Authority of Zakat and Tax (GAZT)	General Authority of Zakat and Tax (formerly the Department of Zakat and Income Tax), a government agency affiliated with the Minister of Finance, which is the body entrusted with the work of levying zakat and tax collection.
Underwriting Agreement	The underwriting agreement between the Company and underwriters.
Rules for Qualified Foreign Financial Institutions Investment in Listed Securities.	The Rules that regulate the investment in securities by non-Saudi institutions based outside the Kingdom. as issued by the Board of the Capital Market Authority pursuant to its Resolution No. 1-42-2015 dated 15/07/1436H (corresponding to 04/05/2015G) as amended by Resolution No. 3-65-2019 dated 14/10/1440H (corresponding to 17/06/2019G).
Procedures and Instructions related to Listed Companies, with Accumulated Losses Reaching 20% or more of their Capital.	Rules on accumulated-losses of listed companies as issued by the Board of the Capital Market Authority pursuant to its Resolution No. 4-48-2013 dated 15/01/1435H (corresponding to 18/11/2013G) as amended by the CMA Board Resolution No. 1-77-2018 dated 05/11/1439H (corresponding to 18/07/2018G).
Unemployment Insurance (Saned)	It is a GOSI scheme that is based on the patronage of the Saudi worker and his family during the period of unemployment. It is applied to all Saudis under the age of fifty-nine who are subject to pension under Social Insurance Law. This Law was issued by Royal Decree No. (M/18) dated 12/03/1435H and came into force as of 01/11/1435H in case of establishments that follow Hijri Calendar and as of 01/09/2014G in case of establishments that follow the Gregorian calendar.
NITAQAT Scheme	A program of the Ministry of Human Resources and Social Development. It aims to motivate enterprises to employ Saudis. It was approved by Resolution No. (4040) dated 28/01/1432H (corresponding to 10/09/2011G) in accordance with Council of Ministers Resolution No. (50) dated 13 /05/1415H (corresponding to 27/10/1994G). The program evaluates the facility's performance on specific ranges basis (Platinum, green, yellow and red) according to the activity and industry under which the company operates. Such NITAQAT Scheme was amended by Resolution No. (63717) dated 29/03/1441H (corresponding to 26/11/2019G), where the yellow range was canceled from NITAQAT and all facilities in the yellow band were transferred to the red band and the red band standards contained in NITAQAT Scheme guide were applied to such facilities.
Insurance broker	The legal person which against a particular remuneration negotiates and concludes contracts with the Company for the benefit of the insured.

Actuary	The person who applies the probability and statistics theory, under which services are priced, commitments and allocations are made.
Underwriting	Acceptance of insurance on risks.
Solvency Margin	The extent to which the Company's assets that are convertible into cash exceed the Company's liabilities.
Technical Provision (Reserves)	Amounts that the Company must deduct and allocate to cover its financial obligations.
Statutory Reserves	The percentage that should be deducted from the Company's net profits, set forth in article five of the Insurance Companies Control Law issued by the Central Bank under royal decree no. M/32, dated 02/06/1424H (corresponding to 31/07/2003G).
Reinsurance	Transfer of the burden of the insured risks from the insurer to the re-insurer and indemnifying the insurer by the re-insurer against amounts paid to the insured in the event of incurring loss or damage.
Gross Written Premiums	Total insurance contracts premiums written within a certain period without deducting the premiums Ceded to re-insurance companies.
Ceded Premiums	Premiums Ceded for the benefit of re-insurance companies as part of re-insurances operations.
Unearned premiums	The portion of written premiums that covers risks related to subsequent financial periods.
Claims under settlement	Claims and accidents that the insured has reported to the insurance company, that are still under investigation and have not been settled or paid. They equal the value of the losses claimed by the insured, based on the amounts of the insurance policy.
Insurance Policies Underwriting Costs	The total costs of subscribing insurance policies, including commissions, the portion of administration-related expenses and other overhead costs attributable to insurance operations.
Total Paid Claims	The value paid by the insurance company to the insured as compensation for the risks or damages they were exposed to according to the terms and conditions of the insurance policy.
Net Paid Claims	Total claims after deducting the reinsurers' commission from those claims.
Claim settlement	The technical or legal procedures taken by insurance companies, that may delay payment of claims to beneficiary policyholders within the same maturity period.
Unreported Incurred Claims	Amounts owed by the insurer in favor of the insured as a result of claims that occurred and not reported on the date of preparing the financial statements.
Net Incurred Claims	Claims that were disbursed during the period after settlement of outstanding claims.
Surplus of insurances	The insurance company's net business proceeds from the insurance, which is the difference between total revenue and total costs and expenses.
Excess of loss	A non-relative type of reinsurance agreement where the insured must waive certain risks within certain amounts exceeding the value of the loss that the insured agreed to accept, and the reinsurer undertakes to accept the insurance for the risks assigned to it.
Insured	The natural or legal person who concludes the insurance contract.
Insurer	An insurance company that accepts insurance contracts from the insured and undertakes to compensate for the risks directly exposed to the insured.
Claim	Written notice given by the insured to the insurer requesting compensation for an accident covered under the terms of the insurance policy.
General Insurance	Subject to the Executive Regulation of the Cooperative Insurance Companies Control Law as issued by the Central Bank, general insurance includes the following: 1. Accident and liability insurance. 2. Vehicle insurance.

	3. Property insurance. 4. Maritime insurance. 5. Aviation insurance. 6. Energy insurance. 7. Engineering insurance. 8. Other branches of general insurance: including other branches of general insurance that were not mentioned above.
Accident and liability insurance.	Includes 1. personal accidents insurance. 2. Work injuries insurance. 3. Employer's liability insurance. 4. Third party liability insurance. 5. General liability insurance. 6. Products liability insurance. 7. Medical liability insurance. 8. Professional liability insurance. 9. Theft and burglary insurance. 10. Fidelity insurance. 11. Cash in hand and transported funds insurance 12. Any other insurances within the scope of liability insurance.
Vehicle insurance.	Includes insurance against losses and liabilities related to vehicles, excluding transportation risks.
Property insurance	Includes insurance on losses resulting from fire, theft, explosions, natural phenomena, strikes and any other insurances that fall within the scope of property insurance.
Maritime insurance	Includes sea transported goods, hulls, liabilities, and any other insurances that fall within the scope of marine insurance.
Engineering insurance	Includes contractors' risks insurance, risks of installation, constructions, electrical and electronic devices, damage of equipment and any other insurances that fall within the scope of engineering insurance.
Health insurance	Includes insurance on medical costs, medications, all medical and therapeutically services and supplies and management of medical programs.
Protection and Savings Insurance	1. Protection insurance: It includes insurance operations related to the effects of death and permanent total, partial or temporary disability for individuals and groups. 2. Protection and savings insurance: It includes insurance operations under which the insured pays an amount(s), including the proceeds of savings, at a future date in return for the subscriptions paid by the insured. 3. Other branches of protection and savings insurance: It includes branches of protection and savings insurance other than those mentioned above.
Investment Portfolio	The Company investment portfolio is an investment tool that is comprised of two assets or more.
S&P	Standard & Poor's is a US credit rating agency.
A.M. Best	A.M. Best is a US credit-rating agency, focusing on the insurance industry around the world.
Al Ahlia Insurance Comapny	Al Ahlia Cooperative Insurance Company, "Al Ahlia Cooperative Insurance Company" was merged into "Gulf Union Cooperative Insurance Company" to become the company's trade name "Gulf Union Al Ahlia Cooperative Insurance Company"

2 Risk Factors

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

The Board Members further declare that, to the best of their knowledge and belief, there are no material risks the omission of which would affect decisions taken by Shareholders as of the date of this Prospectus, except as disclosed in this Section. An investment in the Rights Shares is only suitable for investors who are capable of evaluating the risks and merits of such an investment and who have sufficient resources to bear any loss which might result from such an investment. Prospective investors who have doubts about subscription in the Right Shares should consult a financial adviser licensed by CMA for advice on such investments.

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

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

2.1 Risks of Company's Activity and Operations

2.1.1 Risks of inadequate capital and minimum capital requirements

According to Article Sixty-six (66) and Article Sixty-eight (68) of the Implementing Regulations of the Cooperative Insurance Companies Control Law issued by SAMA, insurance companies must maintain certain levels of solvency for different types of business. In accordance with Paragraph (a) of Clause (2) of Article Sixty-eighth (68) of the Implementing Regulations of the Cooperative Insurance Companies Control Law, in case the actual sol margin is between 75% and 100% of the required sol margin, the Company must adjust this ratio to at least (100%) during the next quarter. SAMA imposes a series of measures on insurers that are not bound by appropriate sol levels in accordance with Paragraph (C) of Clause (2) of Article Sixty-eight (68) of the Regulations, to correct their situation, including:

1) Increasing the Company's share capital.
2) Price adjustment.
3) Decreasing costs.
4) Ceasing the underwriting new policies.
5) Liquidating certain assets.
6) Any other procedure that the Company deems appropriate and approved by SAMA.

As on December 31, 2018, the solvency margin cover reached (125%), as on December 31, 2019G, the solvency margin cover reached (80%), as on December 31, 2020, the solvency margin cover reached (108%), and as on September 30 In 2021, the solvency margin cover reached (2%). The Company's board of directors, in its meeting held on 13/03/1443H (corresponding to 19/10/2021G), recommended increasing the Company's capital by offering Rights issue at a value of two hundred and twenty-nine million four hundred and seventy-four thousand six hundred and forty (229,474,640) Saudi Riyals, after obtaining all the necessary statutory approvals and the approval of the (Extraordinary) General Assembly. The Company obtained SAMA's no-objection to the capital increase under letter No. (43038443) dated 27/04/1443H (corresponding to 02/12/2021G).

The Company is increasing its capital by offering Rights issue, in order to reach and maintain the level of financial solvency required by SAMA (please refer to Subsection (7.2.3) "Use of Net Offering Proceeds to raise the solvency margin" of Subsection (7.2) "Use of Offering Proceeds" of Section No. (7) "Use of the Offering Proceeds and Future Projects" of this Prospectus). In the event that the Company is unable to reach the minimum required sol margin, SAMA has the right to oblige it to appoint an advisor or withdraw the Company's license and prevent it from selling its insurance products in the event that the Company does not commit to correcting its financial conditions within a period specified by SAMA. This may negatively and materially affect the Company's business, its results of operations, financial position and prospects.

2.1.2 Risks of accumulated losses

The accumulated losses of the Company as at December 31, 2019 amounted to thirteen million nine hundred and sixty-four thousand nine hundred and two (13,964,902) Saudi Riyals, which represents (9.31%) of its capital, which at that time amounted to one hundred and fifty million (150,000,000) Saudi Riyals.

The accumulated losses of the Company as of December 31, 2020G amounted to fifty-nine million five hundred and forty-one thousand nine hundred and ninety-five (59,541,995) Saudi Riyals, which represents (25.95%) of its capital of two hundred and twenty-nine million four hundred and seventy-four thousand six hundred and forty (229,474,640) Saudi Riyals.

The accumulated losses of the Company as of September 30, 2021G amounted to ninety-two million seven hundred and six thousand nine hundred and eighty-five (92,706,985) Saudi Riyals, which represents (40.40%) of its capital of two hundred and twenty-nine million four hundred and seventy-four thousand six hundred and forty (229,474,640) Saudi Riyals.

It should be noted that, as of 31 March 2021, the Company faced accumulated losses amounting to one hundred and seventeen million three hundred and thirty-eight thousand and seven hundred (117,338,700) Saudi Riyals, which represents (51.13%) of its capital of two hundred and twenty-nine million four hundred and seventy-four thousand six hundred and forty (229,474,640)) Saudi Riyals. The Ordinary General Assembly, in its meeting held on 19/11/1442H (corresponding to 29/06/2021G), agreed to use the entire balance of the Issue Premium for the Company as of March 31, 2021G, amounting to eighty-nine million four hundred and eighty-eight thousand four hundred and forty-five (89,488,445) Saudi Riyals, to amortize the part of the accumulated losses to become twenty-seven million eight hundred fifty thousand two hundred and fifty-five (27,850,255) Saudi Riyals, representing (12.14%) of the capital.

It should be noted that on 23/01/1438H (corresponding to 24/10/2016G), the Authority's Board Resolution No. (1-130-2016) was issued to amend the procedures and instructions for companies listed in the market whose accumulated losses amounted to (50%) or more of their capital in the light of the Companies Law, and its name has been modified to become "Procedures and instructions for companies whose shares are listed in the market, whose accumulated losses amounted to (20%) or more of their capital", which were implemented starting from the date of 25/07/1438H (corresponding to 22/04/2017G), which stipulates that the Company must disclose to the public immediately and without delay an independent announcement when its accumulated losses reach (20%) or more.

These procedures also stipulate that the Company must disclose to the public immediately and without delay an independent announcement when its accumulated losses reach (50%) or more of its capital, with a recommendation from its board of directors to the extraordinary general assembly, in accordance with the requirements of Article 150 of the Companies Law, either by increasing or decreasing the Company's capital, or dissolving the Company before the term specified in its articles of association, and in the event of the Company's expiration under Article 150 of the Companies Law or by a decision of the extraordinary general assembly, this will lead to the cancellation of the listing of the Company's shares in the market.

There are no guarantees that the Company will not record additional losses. It is worth noting that according to the regulations of the Capital Market Authority, in the event that the percentage of accumulated losses amounted to (20%) or more of the Company's capital, the Company will be subject to the Authority's regulation on "Procedures and instructions for companies whose shares are listed in the market whose accumulated losses amounted to (20%) or more of its capital." In the event that the percentage of accumulated losses reaches (50%) or more, the Company will be subject to a number of more stringent requirements, in particular Article 150 of the Companies Law, which obligates any official in the Company or the auditor as soon as

he learns that the Company's accumulated losses have reached (50%) or more of its capital to inform the Chairman of the Board of Directors, and the Chairman of the Board of Directors shall immediately inform the members of the Board thereof. The Board of Directors shall, within (15) days of becoming aware of this, invite the Extraordinary General Assembly to meet within (45) days from the date on which the Board became aware of the losses; to decide either to increase the Company's capital or reduce it to the extent that the percentage of losses falls below half of the paid-up capital, or to dissolve the Company before the term specified in the Company's articles of association. The Company will be considered dissolved by the force of the system if the extraordinary general assembly did not meet within the period specified above, or if it met and was unable to issue a decision on the matter, or if it decided to increase the capital in accordance with the conditions established in Article 150 of the Companies Law and the subscription for all the capital increase was not completed within (90) days from the issuance of the Assembly's decision to increase. Should the company be terminated under Article 150 of the Companies Law or by a decision of the Extraordinary General Assembly, this would result in delisting of the Company's shares in the market.

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

2.1.3 Risks of penalties from the competent regulatory authorities

The Company is subject to many regulations and instructions issued by SAMA, the Capital Market Authority, and the Health Insurance Council. Accordingly, the Company is subject to inspection and monitoring rounds, which may result in sanctions and penalties for failure to comply with regulations, regulations and instructions or delay in fulfilling any thereof. The Company may be exposed to a number of penalties and violations by SAMA and the Capital Market Authority, including the suspension of some or all of its business, which will negatively and materially affect its business, financial position and prospects.

SAMA, one of the regulatory authorities for insurance companies in the Kingdom, carried out some inspection visits to the Company's headquarters and other supervisory and control measures during the year 2021G, to verify the Company's compliance with the statutory requirements and instructions issued by SAMA regarding the practice of insurance activity. It is worth noting that the Company was subjected to several financial fines for violating the regulations of SAMA. If the Company continues to commit violations, or if the Company does not comply in the future with all the regulations and instructions issued by SAMA and the regulations, rules and requirements of the Capital Market Authority and any other regulatory authority, it will be subject to fines and penalties that will be imposed thereon by SAMA, the Capital Market Authority or any other regulatory authority, which will increase its operational costs and will have a material impact on its operations and profits. The following are the details of the inspection rounds, which resulted in observations and resulted in penalties for the Company, as follows:

Table No. (1): Details of the SAMA's Inspection Procedures

#	Date	Procedure Subject	Procedure Result	Financial Penality	Procedure Status
1	01/06/1442H (corresponding to 14/01/2021G)	Discussion of the Company's current activities and business plans concerning information security, information technology, and business continuity	Twenty-five observations on the Company were monitored.	No financial penality to date	Under Procedure SAMA is provided with a quarterly report on the progress of the observations, 10 observations were corrected, with 15 remaining observations expected to be corrected by the end of 2021G
2	14/11/1442H (corresponding to 24/06/2021G)	Verification of the extent to which the Company has complied with the statutory procedures for settling vehicle claims (individuals and companies) in accordance with the statutory time limit	Eleven observations on the Company were monitored.	No financial penality to date	Correction of 5 out of 11 observations has been completed
3	24/01/1443H (corresponding to 01/09/2021G)	Verification of the Company's compliance with fraud procedures	Thirteen observations on the Company were monitored.	No financial penality to date	SAMA was responded to with supporting documents for 3 observations, and work is underway to correct the remaining observations.
4	12/04/1443H (corresponding to 17/11/2021G)	Verification of Company compliance with customer care procedures	Thirteen observations on the Company were monitored.	No financial penality to date	SAMA requested the Company's statement on the monitored observations (13 Nos.). The Company responded to the observations on 06/01/2022G

Source: The Company

2.1.4Risks of Inability to Implement the Strategy

The Company's ability to increase revenues and improve its profitability depends on the successful realization of its strategy. The Company's strategy depends on several factors, including expanding the use of digital solutions to deal with clients, working on developing the infrastructure of information technology systems, and focusing on maximizing profits (for more information, please refer to Subsection (3.7) "Company strategy" of Section (3) "Overview of the Company and the Nature of its Business" of this Prospectus). If the Company fails to implement any part of its strategy for any reason, or if it successfully implements its strategy and does not yield results from the company's operations, this may have a negative and material impact on the Company's business, results of operations, financial position and prospects.

2.1.5Risks of Credit

Credit risk arises when one party is unable to fulfil a specific financial obligation to the other party. The balance of "Net insurance and reinsurance premiums receivable" amounted to (112,591,219) Saudi Riyals, (182,355,653) Saudi Riyals, (206,568,729) Saudi Riyals and (148,907,472) Saudi Riyals as in the fiscal years ending on December 31, 2018, 2019 and 2020 and as for the period ending on September 30, 2021G, respectively. The Company may face credit risks in several temporary or permanent cases, including the inability of reinsurers to meet their settlement obligations, and the presence of debit balances from clients (for more information, please refer to Subsection (6.9.1.3) "Insurance and reinsurance premiums Receivable" of the Section (6) "Financial Information and Board Discussion" of this Prospectus), the failure of other creditor parties to fulfil their obligations towards the Company, and others.

Saudi banks and financial institutions have applied International Financial Accounting Standard No. 9 (IFRS9) for the preparation of financial reports starting from January 1, 2018G, and the Company has applied the deferral approach, whereby the deferral approach provides the facility, if it qualifies, a temporary exemption from applying IFRS 9 until the effective date of the new insurance contracts standard or 2023G, whichever comes first. In the event that the Company does not apply International Financial Accounting Standard No. 9 (IFRS9), this will expose it to penalties and fines that may be imposed by the regulatory authorities, which would have a negative and material impact on the Company's business, financial results and prospects.

According to Article Six (6) of the Unified Compulsory Vehicle Insurance Policy issued by SAMA, insurance companies are obligated to compensate a party or parties (other than the insured) for the consequences of accidents covered under the third-party insurance policy. Insurance companies have the right to recourse on the insured, the driver or the person responsible for the accident to claim the amounts paid to others. Accordingly, when recoursing on the insured, the driver or the person responsible for the accident to recover the sums of money that have been paid, this may result in the risk of not being able to obtain the amounts or delaying the payment from some, which will negatively and materially affect the Company, its financial position and the results of its operations.

2.1.6Risks related to credit ratings

As at the date of this Prospectus, the Company has not applied for a credit rating. If the company applies for a credit rating, there is no guarantee that the company will receive the rating. The company also does not guarantee a good credit rating if it has a high risk, and any credit ratings that the Company may receive in the future affect the terms on which the parties dealing with the company wish to rely when dealing with the company. Furthermore, it is worth mentioning that the good rating of the most famous rating agencies International like AMBest ranges from (A++) to (B+) and S&P Agency ranges from (AAA) to (BBB-). A good credit rating contributes to improving the terms of its reinsurance agreements, gaining greater customer confidence and encouraging prospective insurance applicants to have their insurance with it than other competing insurers. In addition, the Company may face in the event of obtaining the rating a difference in its credit rating from time to time as a result of a number of factors that affect the credit ratings of the Company, which could be out of its control. Furthermore, in the event that the Company faces a drop in the rating level of the Company granted to it by any rating agency (if it is obtained), it may affect its ability to conduct its business and the Company's profit margins, which may negatively and fundamentally affect the Company, its financial position and the results of its operations.

2.1.7Risks of Claims Management

The pricing of the Company's insurance products and the reserves for claims depend on the period between the notice and processing of claims and the compensation of the holders of insurance policies. Claims management depends on the efficiency and effectiveness of the Company's employees in the ability to make, manage and process decisions on time.

The lack of the required competence of the Company may lead to delaying the processing of claims or risky compensation resulting from unthoughtful decisions, which may cost the Company losses resulting from those decisions, and this may negatively and materially affect the Company, its financial position and the results of its operations.

2.1.8Risks of Related Party Transaction

In the course of its normal business, the Company deals with related parties represented in written insurance premiums and paid claims. The total written premiums amounted to (10,827,113) Saudi Riyals, (17,379,699) Saudi Riyals, (14,596,545) Saudi Riyals and (1,509) Saudi Riyals. December 31, 2018G, 2019G, 2020G and the nine-month period ending on September 30, 2021G. The total paid claims amounted to (5,589,995) Saudi Riyals, (6,848,838) Saudi Riyals, (3,214,010) Saudi Riyals and (3,286,828) Saudi Riyals as on December 31, 2018, 2019G, 2020G and for the nine-month period ending on September 30, 2021G. In the event that transactions and agreements with related parties are not carried out in the future on a purely commercial basis, this will negatively affect the Company's business, financial position, results of operations and prospects.

It is worth noting the results of the Ordinary Assembly meeting held on 19/11/1442H (corresponding to 29/06/2021G), as it was voted to approve the business and contracts that took place between the Company and companies that have indirect interests in some Board members, and the business that took place between the Company and Board members that have a direct interest in their capacity or through their family ties. Namely:

- The business and contracts concluded between the Company and Rawabi Holding Company, in which the Chairman of the Board of Directors - Mr Abdulaziz Ali Abdul Rahman Al-Turki has a direct interest (in which he holds the position of Chairman of the Board). They are insurance policies, where the total written insurance premiums during the year 2020G amounted to (1,456,778) Saudi Riyals.

- The business and contracts concluded between the Company and Al-Tamimi Group, in which the Vice Chairman of the Board of Directors - Mr Fawaz Talal Ali Al-Tamimi has an indirect interest (in which he is a member of the Board of Directors). They are insurance policies, as the total written insurance premiums during the year 2020G amounted to (7,098,298) Saudi Riyals.
- The business and contracts concluded between the Company and Al-Muhaidib Group, in which a member of the Board of Directors - Mr Majid Shatti Hammoud Al-Dhafiri has an indirect interest (in which he holds an executive position). They are insurance policies, as the total written insurance premiums during the year 2020G amounted to (6,028,238) Saudi Riyals.
- The business and contracts concluded between the Company and Al-Muhaidib Group, in which a member of the Board of Directors - Mr Majid Shatti Hammoud Al-Dhafiri has an indirect interest (in which he holds an executive position). Which is annual rent for the Company's offices, where the total rent value during the year 2020G amounted to (2,897,306) Saudi Riyals.

(For more information, please see Subsection (6.9.3) "Related parties Transactions and Balances" of Section (6) "Financial information and Management Discussion" of this Prospectus).

All transactions with related parties must be subject to the approval of the Board of Directors and the Ordinary General Assembly of the Company. In the event of any dealings with future related parties, they will be presented to the nearest General Assembly. If the Company's General Assembly does not approve these transactions, the Company will have to search for other unrelated parties to deal with them to carry out the work assigned to related parties.

The inability of the Company to renew or conclude contracts with related parties, or renew them on terms that do not suit the Company, will have a negative and fundamental impact on the Company's business, financial position, results of operations and prospects.

2.1.9 Risks of Contracts with Third Parties

The Company entered into several contracts and agreements with third parties related to the field of insurance, such as reinsurance contracts and insurance brokerage contracts. The value of reinsurance contracts amounted to (120,369,942) Saudi Riyals, (120,099,674) Saudi Riyals, (85,791,281) Saudi Riyals and (81,387,713) Saudi Riyals as on December 31, 2018, 2019 and 2020 and the nine-month period ending on September 30, 2021G. The value of insurance brokerage contracts amounted to (266,278,000) Saudi Riyals, (000,73,843) Saudi Riyals, (142,524,000) Saudi Riyals and (212,171,000) Saudi Riyals as on December 31, 2018G, 2019G and 2020G and the nine-month period ending on September 30, 2021G. (For more information, please see subsection No. (10.8) "Summary of Material Contracts" of Section No. (10) "Legal Information" of this Prospectus). Accordingly, the Company is exposed to the risk of the contracting parties being unable or unwilling to fulfil their contractual obligations. Furthermore, the parties that the Company contracts with may breach their obligations for any reason, including as a result of their bankruptcy, financial insolvency, or disruption of their operations, and the risks that arise from dealing with these parties become more acute under difficult market conditions.

Nor can it be asserted that these parties will be at the level of the Company's aspirations, and if the Company or its contracting parties are unable to abide by the terms of those contracts, or in the event of any future disputes or issues, and the Company's loss of those disputes, this will negatively and materially affect its financial position, cash flows, operational results and prospects.

2.1.10 Risks of insufficient provisions and reserves

The Company keeps provisions to meet and cover financial obligations, in accordance with Article Sixty-Ninth (69) of the Implementing Regulations of the Cooperative Insurance Companies Control Law. Such provisions include:

a) Unearned premiums provisions

b) Unpaid claims provisions

c) Claim expense provisions

d) Incurred but not Reported ("IBNR") Claim provisions

e) Unexpired risk provisions

f) Disaster provisions

g) General expense provisions

h) Provisions related to protection and savings insurance, e.g. disability, ageing, death, medical expenses, etc.

The size of the reserves is estimated based on the expected trends in the volume of claims and their frequency according to the data available at the time. The establishment of an appropriate level of claim reserves is an inherently uncertain process due to the difficulty and complexity of making the necessary assumptions. The following table shows the amounts of these provisions as of December 31, 2020G and as of September 30, 2021G:

Table No. (2): Details of future provisions and reserves

As on September 30, 2021G (SAR)	As of December 31, 2020G (SAR)	Provisions
256,253,197	375,588,801	Unearned premiums provisions
110,061,286	104,742,560	Unpaid claims provisions
14,166,805	11,211,593	Claim expense provisions
213,742,405	170,897,914	Incurred but not Reported ("IBNR") Claim provisions
18,568,923	11,295,391	Unexpired risk provisions
N/A	N/A	Disaster provisions
25,331,876	27,125,666	General expense provisions

Source: The Company

Since the size of the reserves depends on future estimates, it is possible that the company's reserves could prove inadequate at any given time. If the actual claims exceed the claims reserve, the Company will have to increase its reserves "by changing the assumptions and methodologies that were relied upon in estimating the reserves". As a result, it may prove insufficient reserves allocated to meet insurance policy claims and therefore the Company may need to increase its reserves. This may adversely and materially affect its financial position, cash flows and operating results.

2.1.11 Risks of Contingent Liabilities

Some potential obligations may arise on the Company, such as costs related to zakat and taxes, in addition to any other obligations or costs related to the Company's activity as end of service benefits for employees. As of September 30, 2021G, the Company has capital commitments of (1.8) million Saudi Riyals, representing the costs of the Company's implementation of a new technical program through which the international standard No. (17) for insurance contracts will be applied. The Company was also tangentially liable for the financial guarantees issued against litigation in the ordinary course of business, amounting to one million Saudi Riyals. This obligation represents a guarantee against litigation as a result of the Company's objection to the zakat assessment issued by the Zakat, Tax and Customs Authority, where the Implementing Regulation for Zakat collection, Article Twenty-fifth, Clause Three, stipulates the payment of at least 10% and no more than 25% of the amounts intercepted to ensure that the objection is accepted in form. (For more information, please see subsection (6.9.4) "Undertakings and Contingent Obligations" of Section (6) Financial Information and Management Discussion and Analysis" of this Prospectus). its operations and prospects.

2.1.12 Reinsurance Risk

Based on its activity, the Company must reinsure its insurance portfolio with local and foreign reinsurance companies to reduce insurance risks, in accordance with Article Forty (40) of the Implementing Regulations for Monitoring Cooperative Insurance Companies issued by SAMA, the Company must keep at least thirty per cent (30%) of the total subscription amounts. According to the same article, the Company must commit to reinsurance at least thirty per cent (30%) of the total contributions. (The Company does not currently comply with this condition, as the reinsurance rate inside the Kingdom is 11% of the total premiums).

According to Article Twenty-first (21) of the Cooperative Insurance Companies Control Law issued by SAMA, SAMA may impose a fine of up to two million Saudi Riyals on companies that do not adhere to the above-mentioned percentages. Therefore, if the Company does not adhere to these percentages, the Company will be subject to that fine, which will negatively and fundamentally affect the Company's financial position, financial position, results of operations and future expectations.

The Company's ability to obtain reinsurance companies at costs appropriate to the Company is subject to several factors, the most important of which are the prevailing market conditions, which are usually beyond the Company's control. In addition to the extent of the financial strength of the reinsurance companies, and if the Company is unable to maintain its relations with reinsurance companies or replace them with equally efficient reinsurance companies, this will increase its exposure to risks and limit its ability to increase the volume of its business. Transactions with reinsurers outside the Kingdom also involve additional risks related to political and economic conditions, and regulatory changes in the insurance sector in the regions to which they belong. If these factors affect the ability of these companies to pay their shares of future claims, which will negatively and fundamentally affect the Company's financial position, financial position, results of operations and prospects.

2.1.13 Risks of reinsurance concentration

The Company reinsures with several reinsurance companies to secure its insurance portfolio, and it may expose the Company to the risks of default of the other party. The Company may currently re-insure with twenty-six (26) reinsurance companies inside and outside the Kingdom (For more information, please see Subsection No. (10.8.3) "Reinsurance Agreements" of Subsection No. (10.8) "Summary of Material Contracts" of Section No. (10) "Legal Information" of this Prospectus). The three largest insurers that the Company dealt with as of 31 December 2018, 2019, and 2020 accounted for the nine months ending on 30 September 2021 (54.31%), (24.46%), (19.78%), and (23.61%), respectively, total re-insured premiums. In the event of insolvency or bankruptcy or any distress occurring to one of the reinsurers, this will negatively and fundamentally affect the Company's financial position, financial position, results of operations and prospects.

2.1.14 Risks of relying on insurance brokers

The Company relies on carrying out its activities and distributing its products and services through a network of insurance brokers in the Kingdom. The percentage of distribution of the Company's products by insurance brokers with whom the Company deals represented (81.18%), (13.21%), (25.58%) and (50.32%) of the total written premiums as of December 31, 2018G, 2019G and 2020G and as in the period ended On September 30, 2021G, respectively.

The inability of the Company to renew contracts with brokers or SAMA's imposition of a suspension penalty on one of the brokerage firms contracting with the Company, or the inability to provide contracts with other brokers on terms that suit the Company, may lead to the Company incurred losses, which may negatively and materially affect the Company's financial position, financial position, results of operations and prospects.

2.1.15 Poor assessment of Risks

The company is working on the study of potential risks before the issuance of insurance policies for applications submitted, through the actuary and the preparation of related reports, which examine patterns of evolution of risks and future expectations based on historical performance. Failure to clearly and accurately assess the potential risks may result in t losses to the Company, which may negatively and fundamentally affect the Company's financial position, financial position, results of operations and prospects.

2.1.16 Risks of Risk Management Policies

The Company follows the risk management policies and monitors and updates them on an ongoing basis through the Risk Management Committee, and submits recommendations in this regard to the Board of Directors, in line with the Implementing Regulations of the Cooperative Insurance Companies Control Law and the Regulations on Risk Management in Insurance Companies issued by SAMA, which are evaluated and updated periodically. Failure to apply the policies properly or failure to update them, or the inability of management to identify and assess risks on time, will expose the Company to a variety of risks, including, for example, failure to comply with the Cooperative Insurance Companies Control Law and its regulations, which may expose the Company to the various procedures contained in the Law, including the withdrawal of the Company's license, which negatively and fundamentally affects the Company's financial position, financial position, results of operations and prospects.

2.1.17 Investment risks

The Company's operational results depend in part on the performance of its investment portfolio. The investment results are subject to several investment risks, including risks related to general economic conditions, the level of volatility in the market, fluctuations in market interest rates, liquidity and credit risks, in addition to political conditions. As of September 30, 2021G, the investments available for sale amounted to (251,527,559) Saudi Riyals.

The inability of the Company to balance its investment portfolio and match it with its liabilities will lead to poor investment performance of the portfolio and may lead to the liquidation of its investments at inappropriate times and inappropriate prices, managing these investments requires an effective administrative system, follow-up and a high ability to choose the quality and diversity of investments. In the event of a decrease in the Company's returns resulting from investments, this will lead to the Company incurring losses that may negatively and materially affect the Company's financial position, financial position, results of its operations and prospects.

2.1.18 Risks of failure to obtain and renew required licenses, permits and certificates

The Company is required to obtain and maintain the various regulatory permits, licenses and approvals regarding its activities. These licenses include, but are not limited to SAMA license, the Cooperative Health Insurance Council license, the Ministry of Investment license, and product licenses obtained by the Company from SAMA, municipal licenses, Company registration certificates issued by the Ministry of Commerce, Chamber of Commerce membership certificates, trademark registration certificates, Saudization certificates, zakat certificates, and VAT registration certificates. (For more information, please see subsection (10.7.1) "Table of Approvals and Licenses" of section (10) "Legal information" of this Prospectus).

The Company's failure to renew its current licenses, permits and certificates, or to obtain any licenses necessary for its business, or if any of its licenses are suspended or expired, or if any of those licenses were renewed on conditions that are not appropriate for the Company and its subsidiaries, or if the Company is unable to obtain the additional licenses, permits and certificates that may be required in the future, this may expose the Company to stoppage and inability to carry out its business such as closing the Company or freezing all services provided by the supervisory authorities to it (such as renewing licenses and certificates, issuing visas, residence permits, transferring guarantees...etc). This will result in disruption of the Company's operations and incurring additional costs and financial penalties according to the relevant regulations, and consequently, will adversely affect the Company's business, results of operations, financial condition and prospects.

2.1.19 Risks of reliance on key personnel and Executive management

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

On 01/09/1442H (corresponding to 13/04/2021G), the Company announced on its page on (Tadawul) the decision of the Board of Directors to appoint Mr Mishaal Ibrahim Saleh Al-Shaya as Chief Executive Officer, after obtaining SAMA of Saudi Arabia's no objection to the appointment. He was appointed to replace the previous CEO, Mr Munir Hashem Abdul Razzaq Al-Borno, who submitted his resignation on 08/08/1442H (corresponding to 21/03/2021G).

2.1.20 Risks of cancellation or non-renewal of insurance policies

Due to the presence of the Company in a competitive insurance market, and since the insurance policies are of short duration in nature, the Company may not be able to continue to renew the issued insurance policies or the policies it will issue in the future as expected. If policyholders do not renew or cancel their policies, the level of the Company's written premiums in the coming years, which may affect the Company's continuity or lead to the Company incurring losses that may have a material negative impact on the Company's financial results and prospects.

2.1.21 Risks of translation of insurance policies

Because there are some insurance policies of the Company written in Arabic and translated from English. However, the translation of some terms of the insurance policies provided by the Company is not accurate in terms of clarifying some of the terms contained in the document, which may lead to a dispute between the parties about the interpretation of the meaning of the document, especially since the courts in the Kingdom of Saudi Arabia rely on the text in the Arabic language in the event of any dispute arising between the Company and one of its clients. This may expose the Company to enter into disputes with clients and may result in costs or losses incurred by the Company, which will lead to a negative impact on the Company's financial results and prospects.

2.1.22 Risks of Availability of Funding in Future

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

2.1.23 Risks related to fraudulent insurance uses, claims and other activities

The Company is exposed to fraud and deception from various sources, such as its suppliers, brokers, clients and other parties. This includes clients who make false statements or fail to fully disclose covered risks before purchasing insurance coverage and policyholders who make or exaggerate fraudulent claims. It should be noted that the techniques used to practice fraud are constantly evolving, making it difficult to detect cases of fraud.

The Company does not guarantee the occurrence of any fraud or fraud in any aspect of the Company's business, which in turn will lead to a negative and material impact on the Company's performance, operations and future plans.

2.1.24 Risks Related to the Increase in the Company's Liabilities

The increase in the Company's liabilities may pose a risk to the general financial position of the Company and its financial solvency, as the total liabilities percentage reached (73.79%) as of December 31, 2018G, and (79.54%) as on December 31, 2019G (76.11%) as on December 31, 2020G, (84.67%) as on September 30, 2021G. The liquidity ratio amounted to (1.10 times) as on December 31, 2018G, (1.25 times) as on December 31, 2019G, (0.80 times) as on December 31, 2020G, and (0.53 times) as on September 30, 2021G. While the cash rate was (0.43 times) as on December 31, 2018, (0.30 times) as on December 31, 2019G, (0.38 times) as on December 31, 2020,G and (0.16 times) as on September 30, 2021G. Accordingly, the increase in the Company's liabilities will adversely affect its financial position and increase financing costs. If that occurs, it will be difficult for the Company to fulfil its obligations and will have a negative impact on the Company's business, financial position, results of operations and prospects. (For more information, please refer to subsection (6.9) "Statement of Financial Position" of Section (6) "Financial Information and Management Discussion and Analysis" of this Prospectus).

2.1.25 Risks of non-compliance with Saudization requirements

Compliance with the Saudization requirements is a legal requirement issued by the Ministry of Human Resources and Social Development in the Kingdom, whereby all companies operating in the Kingdom, including the Company, are obligated to employ a certain percentage of Saudi employees among their total employees and to maintain that percentage. According to the Nitaqat program issued by the Ministry of Human Resources and Social Development, the Saudization rate as at the date of this Prospectus is about (71.25%) and the Company is classified within the "Platinum" range. However, in the event that it does not continue to maintain these rates or in the event that the Ministry of Human Resources and Social Development decides to impose more stringent Saudization policies in the future, and it is unable to comply with the requirements of the Ministry of Human Resources and Social Development, it will be subject to penalties imposed by government agencies, such as suspension of applications for work visas and sponsorship transfer for non- Saudi workers, which will have negative and significant impact on the Company's business, financial position, results of operations and prospects. (For more information, please refer to subsection (3.16) "Staff & Saudization" of Section (3) "Background on the Company and the Nature of its Business" of this Prospectus).

2.1.26 Risks of Occurrence of Natural Disasters

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

2.1.27 Litigation Risks

In the course of its business, the Company may be subject to cases and litigation relating to its general operations, insurance operations, disputes and insurance claims. The Company cannot guarantee that no disputes will not arise between the Company and other parties dealing with it, or between the Company and policyholders. As a result, the Company may be subject to legal claims filed by or against the Company. As a result, the Company may be subject to legal claims made by government bodies and departments, as well as investigations within the framework of new controls on the insurance sector in force in the Kingdom. In such cases, the Company cannot predict the results of these claims, disputes, or lawsuits, and cannot guarantee that such claims will not have a material impact on its business, financial position and results of operations. In addition, the Company cannot accurately anticipate the size of cost of such claims or judicial procedures that may be filed by or against the Company or the final results of such claims or judgments, including damages and penalties. Therefore, any negative consequences of such cases will negatively affect the Company.

As of the date of preparing this Prospectus, there are (312) claims, and these cases are divided into ((199) lawsuits filed by the Company with claims totalling fourteen million two hundred and seventy-nine thousand four hundred and forty-six (14,279,446) Saudi Riyals, and ((113 lawsuits filed against the Company from its clients total claims of twelve million, one hundred and fifteen thousand, five hundred and twenty-six (12,115,526) Saudi Riyals.

Except as disclosed in this Section and subsection (10.10) "Disputes and Litigations" of Section 10 "Legal Information," the Company is not a party to a lawsuit, claim, arbitration or administrative proceeding, collectively or individually, outside the framework of its operation. normal or that would materially affect its business or financial position.

2.1.28 Risks of Potential Zakat Dues and Additional Claims

The Company has submitted its zakat and tax returns since its inception until December 31, 2020G. Except for the ones mentioned below, the Company has paid the due zakat and obtained the restricted zakat certificates for those years until the year 2020G. The Zakat, Tax and Customs Authority issued zakat assessments for the years from 2014G to 2018G, which are explained as follows:

In July of the year 2020, the Company received the Zakat and income tax assessment for the year 2014, which resulted in a claim for an additional amount of (7.1) million Saudi Riyals. Zakat differences are mainly due to the non-approval by the Zakat, Tax and Customs Authority on some balances related to outstanding claims, incurred but not reported, reinsurance credits, and amounts due to related parties from the zakat pool. The Company submitted an appeal request to the Zakat, Tax and Customs Authority and received an updated assessment in the amount of (3.3) million Saudi Riyals. The Company also submitted an appeal against the updated assessment to the Committee for Settlement of Tax Violations and Disputes, and the request is still under study as of the date of this Prospectus.

During the year 2020, the Company also received Zakat and income tax assessments for the years from 2015G to 2018G, which resulted in a claim for an additional amount of (10.25) million Saudi Riyals. The Zakat differences are mainly due to the lack of approval by the Zakat, Tax and Customs Authority on some balances related to time deposits and investments from the zakat pool. The Company established an additional provision of (1.9) million Saudi Riyals for the objection and paid that amount to the Zakat, Tax and Customs Authority. In parallel, the Company submitted an appeal request to the Zakat, Tax and Customs Authority against the zakat assessment referred to above, and the request is still under study as of the date of this Prospectus.

During the nine months ending on September 30, 2021G, the Company received revised assessments for the years from 2015G to 2018G, with an additional zakat obligation of (8.36) million Saudi Riyals. The Company submitted an appeal against the revised assessment to the Committee for Adjudication of Tax Violations and Disputes, and the application is still under study as of the date of this Prospectus. It is worth noting that as of September 30, 2021G, no additional provision has been made for the additional Zakat claims referred to above, and no provision has been made for income tax due to the adjusted net loss.

As for the years 2019G and 2020G, the Company submitted its zakat returns to the Zakat, Tax and Customs Authority and obtained zakat certificates for these years and did not receive any zakat assessment for these years from the Zakat, Tax and Customs Authority until the date of this Prospectus.

Zakat and income tax - the National Company for the pre-merger years

In 2018G, the National Company received the Zakat and income tax assessment for the years 2011 and 2012G, amounting to 2.1 million Saudi Riyals. The National Company has submitted an appeal against the association of the Zakat, Tax and Customs Authority to the General Secretariat of the Tax Committees, and the result is still pending as of the date of this Prospectus. Moreover, during the year 2020, the National Company received Zakat and income tax assessments for the years from 2015G to 2018G in the amount of 9.5 million Saudi Riyals. The National Company has submitted an appeal to the Higher Committee, and the result is still pending as of the date of this Prospectus. The zakat differences according to the initial assessments for the years 2010G, 2011G, 2015G to 2018G are mainly because the Zakat, Tax and Customs Authority did not allow certain balances related to investments, regular deposits and adjusted accumulated losses from the zakat base. The National Company submitted a settlement request to the Zakat, Tax and Customs Authority for all outstanding assessments in the amount of 7.8 million Saudi Riyals, and considers that the level of provisions for zakat as of September 30, 2021G is sufficient. The National Company obtained zakat and income tax certificates from the Zakat, Tax and Customs Authority for the years up to 2019G, and the zakat and income tax assessment for 2019G is under review as of the date of this bulletin by the Zakat, Tax and Customs Authority.

The Company cannot predict whether the Zakat, Tax and Customs Authority will accept appeals against additional claims, or will accept its zakat estimates for the mentioned financial years referred to in this risk, for which the Zakat, Tax and Customs Authority has not yet issued zakat assessments, or will demand it to pay any future zakat differences for these years. If Zakat, Tax and Customs were to require the company to pay any future Zakat differences, this would expose the company to additional payments, thus having a substantial negative impact on the company's profits, results of its operations, financial position and prospects.

2.1.29 Risks of concentration of written premiums

The Company's written insurance premiums consist of four main sectors: 1) health 2) vehicles 3) property and accidents 4) protection and preservation. The Company's revenues from these sectors are concentrated in premiums generated from the health and vehicle sectors, where the health sector constituted 36.69% and (55.69%), (70.24%) and (44.82%) while the vehicles sector accounted for (47.69%), (31.85%), (17.81%) and (40.15%) of the Company's total written premiums as on December 31, 2018G and 2019G and 2020G and the nine-month period ending on September 30, 2021G, respectively. The concentration of total written premiums on the health insurance sector makes the Company vulnerable to being affected significantly and directly if the demand decreases or the supply of health insurance products increases and/or the Company is unable to renew the existing insurance policies and/or is unable to subscribe to new insurance policies. Therefore, in the event of a decrease in the written premiums of the insurance sectors of the Company in general and the health sector in particular, this will negatively affect the Company's written premiums and thus the results of operational and financial operations. (For more information, please see subsection (6.8.14.1) "Gross written premiums" of subsection (6.8) "Income statement" of Section (6) "Financial information, discussion and management analysis" of this Prospectus).

2.1.30 Risks of Trademark and Equity Protection

The Company's ability to market its products and develop its business depends on the use of its name, logo and trademarks, which supports its business and its competitive position and gives it a clear distinction in the market among clients. The Company has registered its trademark with the competent authorities (please refer to subsection (10.9) "Trademarks and Property Rights" of Section (10) "Legal Information" of this Prospectus). Any violation of property rights or illegal use of the Company's trademarks will affect the Company's reputation, and the Company may have to enter into costly judicial procedures and focus the efforts of some of its administrative employees for these procedures in order to protect its trademarks. In the event that the Company fails to protect its trademark effectively when renewing registration certificates or tracking similar marks, this will negatively affect their value, which will adversely affect the Company's business, results of its operations, financial position and prospects.

2.1.31 Risks of reliance on non-Saudi employees

Non-Saudi employees, as at the date of this Prospectus, constitute about (64.50%) of the Company's total employees, which may adversely affect the Company's business results, financial position and operational results, if it is unable to maintain its non-Saudi cadres or find replacements for them with the same skills and required expertise or if a change occurs in the policies and regulations of the Ministry of Human Resources and Social Development, resulting in an increase in the rate of Saudization of the sector.

It should be noted that the company has four key positions held by non-Saudi Arabian cadres and includes these positions (Director of the Information Technology Section, Head of the Actuarial Section, Project Management and Business Development Officer, Director of the General Insurance Subscription Section).

The government in the Kingdom has also taken a number of other decisions aimed at implementing comprehensive reforms in the labor market in the Kingdom of Saudi Arabia, which included imposing additional fees on every non-Saudi employee working in Saudi institutions as of January 1, 2018G, and issuing and renewing residence permits for non-Saudi families, which The fees came into effect on July 1, 2017G. Noting that the fees increase gradually (for more information, please see Risk No. (2.2.13) "Risks of Government Fees Applicable to non-Saudi Employees" from Section (2) "Risk Factors" of this Prospectus). As the Company relies on a high percentage of non-Saudi employees, which will lead to an increase in government fees borne by the Company for every non-Saudi employee in terms of work permits and residencies, which leads to an increase in the Company's costs in general, and thus negatively affects its business, financial performance and results of operations.

2.1.32 Risks of the spread of the Corona Virus "Covid-19" pandemic

With the beginning of the year 2020G, a contagious viral disease known as (Coronavirus "Covid-19") spread, as it began to spread in most countries of the world, including the Kingdom of Saudi Arabia, and as a result, the World Health Organization classified it on March 11, 2020 as a pandemic, and called for taking the necessary preventive measures to confront this virus and to limit its spread. Accordingly, the government of the Kingdom of Saudi Arabia hastened to take strict decisions in this regard, which resulted in, for example, but not limited to; imposing a partial or total curfew in some cities and governorates of the Kingdom, closing airports, malls and all activities inside them, except for food stores and pharmacies, reducing the number of working hours for some sectors and obligating some of them to work remotely. Like other companies operating in Saudi Arabia, the Group was particularly affected by precautionary decisions in relation to those of the Ministry of Human Resources and Social Development (Labour Office), as it was forced to suspend its operational operations, shut down its offices and factories, and asked its staff to stay at home, maintain quarantine and continue remote work, especially by the administrative staff.

The company has developed plans to address how to manage the effects of the outbreak and assess strikes and other risks of its operations, including staff protection and support for customer services. The main impact of the pandemic for the insurance sector appears in the medical and vehicle insurance sector. As the Government of the Kingdom has committed itself to the costs of medical treatment for all Saudi citizens and arrivals resulting from the pandemic, it has helped to minimize any adverse impact. There has been a decline in medical claims, and with respect to the vehicle insurance sector, according to the Central Bank Circular No. 189 of all insurance companies dated its date of 15/09/1441H (corresponding to 08/05/2020G) extending the validity of all insurance policies for existing vehicles by two months. As the pandemic continues, the company does not guarantee any future losses that may adversely affect the company's financial position, financial position, results of its operations and prospects.

2.1.33 Risks of Company's Reputation

The Company's reputation is critical to attracting and retaining new clients and establishing a strong relationship with counterparties. The Company's reputation may be damaged in the future as a result of several factors, including, but not limited to: a decline in its financial results or modification, legal or regulatory actions against the Company, or the behavior of one Its employees, which may cause the Company to violate the applicable regulatory requirements, and damage to the Company's reputation will negatively affect its business, financial condition, results of operations, share profit and prospects.

2.2 Risks of Market and Industry

2.2.1 Risks of the Kingdom's Economic Performance

The expected future performance of the Company depends on a number of factors related to the economic conditions in the Kingdom in general, including, but not limited to, inflation factors, GDP growth, average per capita income, and so on. The Kingdom's macro and micro economy depends mainly on oil and oil industries, which still control a large share of the GDP. Therefore, any unfavorable fluctuations in oil prices will have a direct and fundamental impact on the plans and growth of the Kingdom's economy in general and on government spending rates, which would negatively affect the Company's financial performance, given its work within the Kingdom's economic system and its impact on government spending rates.

The continued growth of the Kingdom's economy also depends on several other factors, including continued population growth and government and private sector investments in infrastructure. Therefore, any negative change in any of these factors will have a significant impact on the economy and will therefore negatively and fundamentally affect the Company's business, financial results and prospects.

2.2.2 Risks of Political and Economic Instability in the Middle East

The Company's financial performance depends on the economic and political conditions prevailing in the Kingdom, as well as the global economic conditions affecting the Kingdom's economy. The oil sector still occupies the largest share of the Kingdom's GDP. There may be fluctuations in oil prices, which may adversely affect the Kingdom's economy. It should be noted that the rate of economic growth in the Kingdom has slowed in recent years. Saudi Arabia also faces challenges related to the relatively high rates of population growth. All of these factors may negatively impact the Kingdom's economy, which will have a negative and material impact on the Company's business, results of operations, financial position, and prospects.

There is no guarantee that negative developments in relations with these countries, or the economic and political conditions in those States, or in other countries will not negatively affect Saudi Arabia's economy, foreign direct investment in it, or the financial markets in the Kingdom in general. Negative and material impacts on the Company's business, results of operations, financial position and prospects.

Any unexpected major changes in the political, economic or legal environment in the Kingdom and/or other States in the Middle East, including, but not limited to, normal market volatility, economic stagnation, insolvency, high unemployment rates, technological shifts and other developments, would have a negative and substantial impact on the Company's business, results of operations, financial position and prospects.

2.2.3 Risks of laws and regulations

In its management and conduct of its various business and activities, the Company is subject to the supervision of SAMA, as it is the authority entrusted with the tasks of supervision and control over the insurance sector in the Kingdom, as the Cooperative Insurance Companies Control Law was issued by Royal Decree No. (M/32) dated 02/06/1424H (corresponding to 31/07/2003G). The Implementing Regulations for monitoring cooperative insurance companies were issued by a decision of the Minister of Finance No. (1/596) dated 01/03/1425H (corresponding to 20/04/2004G). As the Saudi Arabian insurance market is a modern, emerging and constantly developing and changing market, this may limit the ability of the Company to respond to market opportunities and may force it to incur significant annual expenses to comply with statutory laws and regulations. Therefore, the Company cannot provide any assurance that the regulations or regulatory framework for the insurance sector in the Kingdom will not witness any further changes that may negatively and materially affect the Company's business, its financial position or the results of its operations. Furthermore, if the Company does not comply with the applicable laws, regulations and instructions, it will be subject to statutory penalties, including a fine, suspension of work and withdrawal of the license to engage in an insurance activity, which will negatively and fundamentally affect the Company's business, financial position and prospects.

The Company is also subject to the provisions of the Companies Law issued on 28/01/1437H (corresponding to 11/11/2015G), as amended by Royal Decree No. (M/79) dated 25/07/1439H (corresponding to 11/04/2018G). The Authority's Board also issued by Resolution No. (8-127-2016) dated 16/1/1438 AH (corresponding to 17/10/2016G) the regulatory controls and procedures issued in implementation of the Companies Law for Listed Joint Stock Companies, as amended by the Authority's Council Resolution No. (3-57-2019) dated 15/09/1440H (corresponding to 20/05/2019G). In addition, the Authority's Board issued, according to Resolution No. (8-16-2017) dated 16/05/1438H (corresponding to 13/2/2017G), the Corporate Governance Regulations, as amended by the Authority's Council Resolution No. (3-57-2019) dated 15/09/1440H (corresponding to 20/05/2019G). The Companies Law and Corporate Governance Regulations impose some new requirements related to regulation and corporate governance that the Company must comply with. The Companies Law has also imposed stricter penalties for violating its provisions and rules, which are mandatory for all companies, and therefore it is possible for the Company or members of its board of directors or executive management to be subject to such penalties from financial fines or imprisonment or both (for example, the Companies Law stipulates that every director, official, board member, auditor, or liquidator who records false or misleading data shall be punished with imprisonment for a period not exceeding 5 years and a fine not exceeding five million Saudi Riyals) in the event of non-compliance with these provisions and rules. It should be noted that the Company, as on the date of this prospectus, is committed to all articles of the Companies Law and all mandatory articles in the Corporate Governance Regulations issued by the Authority. But if it fails to abide by all the articles of the corporate governance regulation and all the mandatory articles in the corporate governance regulation in the future, or if some or all of the guiding articles in the corporate governance regulation become mandatory, and the Company has not implemented and adhered to them, this will expose it to penalties and legal fines, which will be It has a negative and material impact on the Company's business, results of operations, financial position and Prospects.

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

The Company is subject to the supervision of several government agencies in the Kingdom, including but not limited to SAMA, the Council of Cooperative Health Insurance, the Capital Market Authority, the Ministry of Commerce, the Ministry of Investment and others. Therefore, the Company is subject to the risks of changes in the laws, regulations, circulars and policies in the Kingdom. The legislative and regulatory environment in the Kingdom is witnessing the issuance of many laws and regulations, which are continuously developed and improved. The costs of complying with these regulations are high. In the event of changes to the existing laws or regulations or the issuance of new laws or regulations, such will lead to incurring additional unexpected financial expenses by the Company to comply with those regulations and meet the requirements of these laws, or it may be subject to penalties and fines imposed by the competent supervisory authorities in the event of failure to comply with such regulations and laws continuously, which will negatively affect its business, results of operations, financial position and prospects.

2.2.5Risks of withdrawing the permit to engage in insurance activities

The Company obtained a permit to practice its insurance activity under Central Bank permit No. (TMN 9/20079) dated 29/08/1428H (corresponding to 11/09/2007G) to practice insurance activity in the following branches: (General Insurance, Health Insurance, Insurance protection and savings). Such Permit was renewed on 20/03/1443H (corresponding to 26/10/2021G) for three years starting from 26/08/1443H (corresponding to 29/03/2022G) and expiring on 25/08/1446H (corresponding to 24/02/2025G).

According to Article 76 of the Implementing Regulations of the Cooperative Insurance Companies Control Law, SAMA shall be entitled to request the license withdrawal of the Company in the following cases:

a) If the Company does not carry out its business activities for six months from the issuance date of the license.

b) If the Company does not fulfil the requirements of the Cooperative Insurance Companies Control Law and its Implementing Regulation.

c) If it appears that the Company has intentionally provided SAMA with incorrect information or data.

d) If discovered by the Corporation that the rights of the insured, beneficiaries or shareholders are at risk of being lost as a result of how the activity is carried out.

e) If the Company goes bankrupt, making it is unable to meet its obligations.

f) If the Company deliberately practices its activities for fraud and deception.

g) If the Company's capital falls below the prescribed minimum, or if the Company does not meet the financial solvency requirements stated in the Implementing Regulations of the Cooperative Insurance Companies Control Law.

h) If the insurance activity in the branches of insurance has decreased to the level with which SAMA deems its performance ineffective.

i) If the Company unjustly refuses to pay the claims due to the beneficiaries.

j) If the company prevents the inspection team assigned by SAMA from performing its task in examining the records.

k) If the Company abstains from implementing a final judgment rendered in connection with any insurance dispute.

If one of the above-mentioned cases applies, the Company is liable to withdraw the license to practice its insurance activities. If the license is withdrawn, the Company will not be able to continue to practice its activities legally in the Kingdom of Saudi Arabia. This will have a negative impact on its business and consequently a negative impact on the Company's business, results of its operations, its financial position, its future expectations and its share price in the market. Accordingly, the shareholders may lose part or all of their investment in the Company.

2.2.6Risks related to the amendments of the Central Bank (formerly, SAMA) to accounting for zakat and income tax

The Company's audited financial statements for the financial year ending on December 31, 2018G and the accompanying notes have been prepared by the International Financial Reporting Standards (IFRS) approved in the Kingdom of Saudi Arabia and other standards and issuances approved by the Saudi Organization for Auditors and Accountants (SOCPA), as amended by SAMA to account for Zakat and income tax, which require all International Financial Reporting Standards (IFRS) except for International Accounting Standard No. (12) "Income Tax", and Interpretation Committee No. (21) "Taxation" as they relate to zakat and income tax by SAMA Circular No. (381000074519) on 14/07/1438H (corresponding to 11/04/2017G) and the subsequent amendments thereto concerning accounting for zakat and income tax, as the entitlement to zakat and income tax is every quarter through shareholders' equity in retained earnings.

The audited financial statements of the Company have also been prepared for the financial years ending on December 31, 2019 and 2020G, in addition to the (unaudited) condensed financial statements for the nine-month period ending on September 30, 2021G, and the notes attached thereto in accordance with International Financial Reporting Standards (IFRS) approved in the Kingdom of Saudi Arabia, international financial reporting standards, and other issuances approved by the Saudi Organization for Chartered and Professional Accountants (SOCPA), based on the instructions issued by SAMA on 20/11/1440H (corresponding to 23/07/2019G), which provides for updating the accounting policies for the treatment of accounting for zakat and income tax in the income statement Instead of calculating it on a quarterly basis through shareholders' equity in previously retained earnings. The Company has adjusted the effect retrospectively in line with International Financial Reporting Standards (IFRS) (for more information, please see Section (6) "Financial information and Management Discussion and Analysis" of this Prospectus).

In this case, the Company is obligated to implement the amendments or changes that occur to these standards from time to time. Therefore, any changes in these standards or the mandatory application of some new standards could adversely affect the financial statements and, consequently, the Company's financial results and financial position.

2.2.7 Risk of reporting requirements

The Cooperative Insurance Companies Control Law and its Implementing Regulations require the Company to periodically file with SAMA financial statements and annual reports prepared in accordance with specific accounting standards, and other information, including information concerning the Company's general business operations, capital structure, ownership, and financial position, including annual statement of total contingent commissions paid. The Company could be subject to regulatory actions, sanctions and fines if SAMA believes that the Company failed to comply with any applicable laws, regulations and directives. Any such failure to comply with applicable laws could result in significant penalties or the imposition of substantial restrictions on the Company's ability to conduct its business, which would have a material adverse impact on the Company's business, results of operations and financial position.

In addition, the Company may be subject to penalties and fines if it fails to fulfill the CMA requirements, and the Rules on the Offer of Securities and Continuing Obligations, as well as Tadawul disclosure obligations, which would have a material adverse impact on the Company's business, results of operations, financial position and prospects.

2.2.8 Risks of the competitive environment

According to Central Bank's report on companies licensed to practice insurance and re-insurance activities, ans as at the date of this Prospectus, there are thirty (30) companies licensed for insurance and reinsurance activities in the Kingdom, where the largest eight companies acquire a percentage of about (75.8%) of the total written premiums as of December 31, 2020G (according to the Saudi Insurance Market Report for the year 2020G issued by the Saudi Central Bank). Accordingly, the Company operates in a strong competitive environment, and its competitive position depends on many factors that include the strength of its financial position, pricing of its insurance products, customer relationship and Company's reputation.

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

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

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

2.2.9 Risks of insurance market growth

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

2.2.10 Risks of Limitations of Historical Data

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

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

The society's view of the insurance sector is a fundamental factor for the sector's success. However, there is a risk around that view in general, and the lack of demand for insurance services that this view may lead to, which could adversely and substantially affect the Company's business, financial condition and prospects.

2.2.12 Risks of VAT

The Kingdom issued a VAT system, which came into effect on January 1, 2018G. This Law imposes an added value of 5% on a number of products and services, as specified in the law. An increase of VAT rate from 5% to 15% was approved on 18/05/2020G, which entered into force on 01/07/2020G. Accordingly, the company has to adapt to the changes resulting from the application of VAT, includes its collection and payment. They, also, have to submit their own reports to the relevant government agencies. Accordingly, the Company must adapt to the changes resulting from the application of the VAT, which include its collection and delivery, and the effect of applying the VAT law on the Company's business. The application of the VAT in the Kingdom has led to an increase in the prices of most goods and services, including the Company's products. The implications of raising the tax on the Company's sales have not yet emerged, as the increase began to be applied from July of this year. Currently, there are no current claims or objections related to VAT. However, any violation or wrong application of the tax system by the Company's management will expose it to fines, penalties or damage to its reputation. This will also increase costs and operating expenses, which could reduce the Company's competitive position and the level of demand for its products, which will have a negative and material impact on the Company's financial condition, results of operations and prospects.

2.2.13 Risks of Government Fees Applicable to non-Saudi Employees

The Saudi government approved a number of resolutions aimed at implementing comprehensive reforms in the Saudi labor market by imposing additional charges on every non-Saudi employee who works for Saudi institutions as of 01/01/2018G, at the rate of four hundred (400) Saudi Riyals per month for each non-Saudi employee in 2018G, increasing to six hundred (600) Saudi Riyals per month in 2019G then Eight hundred (800) Saudi Riyals per month in 2020. This will lead to an increase in the government fees that the Company will pay for its non-Saudi employees, and thus an increase in the Company's costs in general, which will adversely and substantially affect its business, financial performance and the results of operations. The total value of non-Saudi employee fees amounted to (2,944,041) Saudi Riyals in 2018G, (4,328,435) Saudi Riyals in 2019G, (5,155,496) Saudi Riyals in 2020G, and (3,319,964) Saudi Riyals for the nine-month period ending June 30, 2021G.

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

2.2.14 Risks of Decline of Client Confidence

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

2.2.15 Risk of non-compliance with Council of Cooperative Health Insurance (CCHI) regulations

After being approved by SAMA, medical insurance products offered by the Company are subject to control by the Council of Cooperative Health Insurance (CCHI). CCHI imposes many regulations and procedures on insurance companies, including the obligation to provide medical approvals within a maximum period of (60) minutes from the time the application is received, and the obligation to pay the dues of hospitals, clinics and other medical service providers within a period of time not exceeding (45) days. Failure to comply with CCHI regulations may lead to imposition of penalties or fines on the Company or withdrawal of the license of health insurance products, which may adversely and substantially affect the Company's business and financial performance.

2.2.16 Risks of fluctuations in currency exchange rates

Exchange risks are the result of financial investments fluctuations due to changes in foreign exchange rates. Companies often encounter exchange risks when dealing with international parties in the latter's' currencies. The Company's operations are mostly conducted in the Saudi Riyal and its revenues are generated from local markets in the local currency. In the event the Company collects any amounts from the sale of its products or foreign dealings in foreign currencies, it may encounter exchange risks and unexpected major fluctuations in exchange rates, which would have a material adverse impact on the Company's business, results of operations, financial position and prospects.

2.2.17 Risks of lack of control over prices

The Company is obligated to follow the instructions of the Central Bank and the recommendations of the actuarial advisor with regard to setting prices for insurance policies. The Company submits, on annual basis, (and based on the pricing adequacy report issued by the actuarial advisor) the quotations to the Central Bank as a regulatory requirement.

Actuarial advisors issue pricing adequacy reports by studying the insurance portfolio that the Company owns, and based on actuarial data, which take into account the performance of these insurance policies (considering the performance of the insurance portfolio in general). The recommendations of the actuary advisor at that time may require changing the insurance policy rates for the Company's portfolio due to the possibility of changing the performance of the insurance portfolio at that time. The increase in the prices of some or all of these insurance policies will lead to the Company not being able to attract new clients and losing its current clients. This will affect Company's merging market share and thus adversely affects its business, financial statements, results of operations, profitability of the shares, and prospects.

2.2.18 Risks of lack of Qualified Local Cadres

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

2.2.19 Risks of Insurance Business Cycle

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

2.3 Risks of the offered securities

2.3.1 Risks of Potential Fluctuation in the Price of Rights

The market price of the rights issue may be subject to significant fluctuations due to the change in the factors affecting the Company's share. This fluctuation may be large due to the difference between the allowable daily fluctuation percentage (which is represented by 10% up and down from the closing price of the previous day) for rights issue, compared to the allowed daily fluctuation percentage for the Company's shares. The rights issue trading price depends on the trading price of the Company's shares and the market's view of the fair price of the rights issue. These factors may negatively affect the trading price of rights issue.

2.3.2 Risks of Potential Fluctuations in the Share Price

The market price of the rights issue during the trading period may not be an indication of the market price of the Company's shares after the offering. In addition, the Company's share price may not be stable and may be affected significantly due to fluctuations resulting from market conditions related to the Company's current rights issue or shares. These fluctuations may also result from many factors, including but not limited to: stock market conditions, poor performance of the Company, inability to implement the Company's future plans, entry of new competitors to the market, change in the vision or estimates of experts and analysts of the stock market, and any announcement of the Company or any of its competitors relating to mergers and acquisitions or strategic alliances.

The sale of large quantities of shares by the shareholders or the belief that such sale is likely to occur will negatively affect the price of the Company's shares in the market. In addition, shareholders may not be able to sell their shares in the market without negatively affecting the share price. There is no guarantee that the market price of the Company's shares will not be lower than the offering price, and if such occur after investors have subscribed to the new shares, the subscription cannot be canceled or modified. Therefore, investors may incur losses as a result. In addition to the above, there is no guarantee that the shareholder will be able to sell his shares at a price equal to or greater than the offer price after subscribing to the new shares.

2.3.3 Risks of non-Profitability or Selling of the Rights

There is no guarantee of profitability per share by trading it at a higher price. In addition, there is no guarantee that it can be sold at all, which indicates that there is no guarantee of sufficient demand in the market to exercise the rights issue or receive compensation from the Company, bearing in mind that the investor who did not subscribe or sell his rights, and the owners of fractional shares, may not obtain any consideration if the sale took place during the remaining offering period at the offering price.

2.3.4 Risks of Future Data

The future results and performance data of the Company cannot be actually predicted and may differ from what is contained herein. As the Company's achievements and ability to develop determine the actual results, which cannot be expected or determined. The inaccuracy of the data and results considered one of the risks that the shareholder shall know so as not to affect his/her investment decision. Whereas, in the event that the future results and performance data are fundamentally different from those mentioned herein, such will lead to the loss of part or all of the shareholders' investment in the Company's shares.

2.3.5 Risks of the Possibility of Issuing New Shares

The issuance of any new shares by the Company depends on the approval of shareholders EGM. In the event that the Company decides to issue new shares as rights issue to increase its capital, and the shareholders EGM approved this decision, and the shareholders have not exercised their rights by subscribing to the new shares, the ownership of the shares will decrease proportionately in addition to its attachments from the right to vote and obtain profits, which will affect on the market price of the share.

2.3.6 Risks of Lack of Demand for the Company's Rights and Shares

There is no guarantee that there will be sufficient demand for the rights issue during the trading period, to enable the rights issue holder (whether a registered shareholder or a new investor) to sell the rights issue and make a profit out of it, or to enable him to sell the rights issue at all. Moreover, there is no guarantee that there will be sufficient demand for the Company's shares by institutional investors during the Rump offering period. In the event that the investment institutions did not submit offers for the remaining shares at a high price, there may not be sufficient compensation to be distributed to the holders of the rights issue who did not exercise their right to subscribe, or to the holders of fractional shares. Moreover, there is no guarantee that there will be sufficient demand in the market for the shares obtained by a subscriber either through the exercise of the rights for these shares, through the residual offering or through the open market.

2.3.7 Risks of Potential Dilution of Ownership

If the rights issue holders do not subscribe in full to the new shares, their ownership and related voting rights will be reduced. In addition, there is no guarantee in the event that the restricted rights issue holder wishes to sell his rights issue during the trading period, that the return he receives will be sufficient to fully compensate him for the decrease in his ownership percentage in the Company's capital as a result of its capital increase. There is as well no guarantee that there will be a compensation amount distributed to the eligible shareholders who did not exercise their right to subscribe or to the owners of fractional shares in the event that the investment institutions did not submit offers for the remaining shares at a high price during the remaining offering period, or that the amount of compensation (if any) sufficient to compensate the decrease in the percentage of ownership in the capital of the Company.

2.3.8 Risks of failure to exercise the Rights in a timely manner

Subscription Period will start on ××/××/××××H (corresponding to ××/××/××××G) and end on ××/××/××××H(corresponding to ××/××/××××G). Rights holders and the financial brokers they represent shall take appropriate measures to follow all necessary instructions prior to the expiry of the subscription period. If eligible shareholders fail to properly exercise the subscription rights by the end of the subscription period, based on their rights issue, there is no guarantee that there will be an amount of compensation distributed to the non-participants eligible shareholders or who did not exercise the subscription properly or to the holders of fractions shares.

2.3.9 Risks of Dividends

Future earnings per share depend on a number of factors, including the Company's profitability, maintaining its good financial position, capital needs and distributable reserves, the Company's available credit strength, and general economic conditions. An increase in the Company's capital may lead to a decrease in the earnings per share in the future on the grounds that the Company's profits will be distributed to a larger number of shares as a result of the increase in its capital. The Company does not guarantee that any dividends on the shares will be actually distributed, nor does it guarantee the amount that will be distributed in any particular year. Dividend distribution is subject to certain restrictions and conditions stipulated in the Company's Articles of Association.

2.3.10 Risks of speculation in Rights

Speculation in the Rights is subject to risks that could cause material losses. The permissible daily fluctuation range for the priority Rights trading price exceeds the permissible daily fluctuation range for the market price (which is represented by (10%) up and down from the previous day's closing price). There is also a direct relationship between the Company's share price and the right's indicative value. Accordingly, the daily price limits (i.e. the daily fluctuation range) for Rights trading will be affected by the daily price limits for stock trading. In the event that the shareholder does not sell the Rights before the end of the Trading Period, then he will have two options either to exercise these Rights to subscribe to the New Shares before the end of the Subscription Period, or not to exercise. In the event that the Rights are not exercised, the investor may be subject to a loss or decrease in the value of his investment portfolio, or a profit in the event that shares are sold during the rump period at a price higher than the Offering Price. Therefore, investors should review the full details of the listing and trading mechanism of new Rights and shares and how they operate, and should be familiar with all the factors affecting them, in order to ensure that any investment decision is based on full knowledge and awareness. (Please refer to Section (13) - "Details on Shares and Subscription Terms and Conditions" of this prospectus).

2.3.11 Risks of suspending trading or cancellation of listing Comapny's shares

On March 31, 2021G, the company announced its inability to publish its consolidated annual financial results that ended on December 31, 2020G, in accordance with the specified deadline. Accordingly, the procedures for suspending the listed securities will be applied in accordance with listing rules approved by CMA Resolution No. (1-10-2019) dated 24/05/1440H (corresponding to 30/01/2019G). Which stipulates that in case the issuer fails to publish its financial information by the end of the specified period, Tadawul will suspend the trading of securities for a period of one trading session following the end of the specified statutory period. In the event that the financial information is not published within twenty trading sessions following the first suspended trading session, Tadawul shall announce the re-suspension of the Company's securities until it announces its financial results. In the event that the suspension of trading the Company's shares continues for a period of six months without the Company taking the appropriate measures to correct that suspension, CMA may cancel the listing of the Company's securities.

The financial market lifts the suspension after one trading session following the announcement of the Company's financial results. However, in case the Company delays in announcing its financial results, or if it is unable to publish them within the statutory period referred to above, this will lead to suspending the Company's shares or cancellation of its shares listing. This will materially and adversely affect the interests of shareholders, Company's reputation and results of operations. In addition, the Capital Market Authority may cancel the offering of the Company's rights issue shares in the event that it deems that the offering may not be in the interest of the shareholders.

3 Company Background and Business Nature

3.1 Company Overview

Gulf Union Al Ahlia Cooperative Insurance Co. (hereinafter referred to as the "**Company**" or "**Issuer**") was established as a Saudi Joint Stock Company under the name of Gulf Union Cooperative Insurance Co. under the Council of Ministries Resolution No. (233) dated 16/09/1427H (corresponding to 09/10/2006G), the Royal Decree No. (M/60) dated 18/09/1427H (corresponding to 11/10/2006G), the Ministerial Resolution No. (196/Q) dated 22/7/1428H (corresponding to 05/08/2007G) and under the Commercial Register No. (2050056228) dated 13/07/1428H (corresponding to 26/08/2007G) issued by the City of Al Dammam, which address is at Al Dammam - South Al Khalidya District - Salman Al Farisi Str., Unit 1 - 2 - 3 of Kyoto, Business District 5719 Al Dammam 31432 Kingdom of Saudi Arabia On 21/04/1442H (corresponding to 06/12/2020G), "Al Ahlia Cooperative Insurance Co." was merged into "Gulf Union Cooperative Insurance Co." and hence the tradename of the Company became "Gulf Union Al Ahlia Cooperative Insurance Co." and the number and date of Commercial Register were retained.

The Company received the Saudi Central Bank's permit No. (TMN /20095/21) dated 15/05/1430H (corresponding to 11/05/2009G) to practice insurance activities in the following areas: (General insurance, health insurance and protection and savings insurance). The said Permit was updated on 20/03/1443H (corresponding to 26/10/2021G) for three year starting from 26/08/1443H (corresponding to 29/03/2022G) expiring on 25/08/1446H (corresponding to 24/02/2025G).

Amount of current capital of the Company is SAR (229,474,640) two hundred twenty nine million, four hundred seventy four thousand and six hundred forty Saudi Riyals divided into (22,947,464) shares twenty two million, nine hundred forty seven thousand and four hundred sixty four ordinary shares at a nominal value of SAR (10) ten Saudi Riyals per share fully paid.

As of the date of this Prospectus, key shareholder of the Company (who own 5% or more of the Company's shares) is Gulf Union Holding Co. which own (2,473,737) two million, four hundred seventy three thousand and seven hundred thirty seven shares i.e. (10.78%) of the Company's shares before offering.

3.2 History and Most Important Developments of its Capital Structure

- Gulf Union Al Ahlia Cooperative Insurance Co. was established as a Saudi Joint Stock Company under the name of "Gulf Union Cooperative Insurance Co. under the Council of Ministries Resolution No. (233) dated 16/09/1427H (corresponding to 09/10/2006G), the Royal Decree No. (M/60) dated 18/09/1427H (corresponding to 11/10/2006G), the Ministerial Resolution No. (196/Q) dated 22/7/1428H (corresponding to 05/08/2007G) and under the Commercial Register No. (2050056228) dated 13/07/1428H (corresponding to 26/08/2007G) issued by the City of Al Dammam.

- On 29/08/1428H (corresponding to 11/09/2007G), the Company's full shares were listed in Saudi Stock Exchange (Tadawul) at (22,000,000) twenty two million ordinary shares in a nominal value of SAR (10) ten Saudi Riyals by way of offering such shares for public subscription. Founding shareholders subscribed at (60%) of the Company's (13,200,000) thirteen million and two hundred thousand ordinary shares at a total amount of SAR (132,000,000) one hundred thirty two million Saudi Riyals of equal value which reached, SAR (10) ten Saudi Riyals per share. Shareholders subscribed at (40%) of the Company's (8,800,000) eight million and eight hundred thousand ordinary shares at a total amount of SAR (88,000,000) eighty eight million Saudi Riyals of equal value which reached, SAR (10) ten Saudi Riyals per share.

- On 22/08/1438H (corresponding to18/05/2017G), the Extraordinary General Assembly approved the reduction of the Company's capital from SAR (220,000,000) two hundred twenty million Saudi Riyals to SAR (150,000,000) one hundred fifty million Saudi Riyals at a reduction percentage of (31.82%) of the Company's capital and hence number of the Company's shares reduced from (22,000,000) twenty two million shares to (15,000,000) fifteen million shares by way of writing of (7,000,000) seven million shares of the Company's issued shares.

- On 18/02/1442H (corresponding to 05/10/2020G), the Extraordinary General Assembly approved the increase of the Company's capital from SAR (150,000,000) one hundred fifty million Saudi Riyals to SAR (229,474,640) two hundred twenty nine million, four hundred seventy four thousand and six hundred forty Saudi Riyals by way of amalgamation with Al Ahlia Cooperative Insurance Co. and issuance of redemption shares at (7,947,464) seven million, nine hundred forty seven thousand and four hundred sixty four shares in a nominal value of SAR (10) ten Saudi Riyals per share.

- On 21/04/1442H (corresponding to 06/12/2020G), "Al Ahlia Cooperative Insurance Co." was merged into "Gulf Union Cooperative Insurance Co." and hence the tradename of the Company became "Gulf Union Al Ahlia Cooperative Insurance Co." and the number and date of Commercial Register were retained.

- On ××/××/××××H (corresponding to ××/××/××××G), the Extraordinary General Assembly approved the increase of the Company's capital at 100% from SAR (229,474,640) two hundred twenty nine million, four hundred seventy four thousand and six hundred forty Saudi Riyals to SAR (458,949,280) four hundred fifty eight million, nine hundred forty nine thousand and two hundred eighty Saudi Riyals and hence number of shares shall be increased from (22,947,464) twenty two million, nine hundred forty seven thousand and four hundred sixty four ordinary shares to (45,894,928) forty five million, eight hundred ninety four thousand and nine hundred twenty eight ordinary shares, the value of each share is SAR (10) ten Saudi Riyals by way of issuance of (22,947,464) twenty two million, nine hundred forty seven thousand and four hundred sixty four new ordinary shares as rights shares at a nominal value of SAR (10) ten Saudi Riyals per share.

3.3 Main Activities

The Company practices its activities under the Commercial Register No. (2050056228) dated 13/07/1428H (corresponding to 26/08/2007G). Activities of the Company in light of the Commercial Register are protection and savings insurance, health insurance and general insurance.

Activities of the Company in light of the Articles of Association are the practice of insurance activity in the following areas (General insurance, health insurance and protection and savings insurance). The Company may perform all such works necessary for achieving the objects for which it was set up whether in the domain of insurance or fund investment and possess and make use of fixed and cash assets or sell, redeem or rent them directly by it or through other companies to be established or purchased by the Company in partnership with other entities. The Company practices its activities according to the provisions of Cooperative Insurance Companied Supervision Law (including its Executive Regulations) and other applicable laws and regulations of the Kingdom of Saudi Arabia having obtained necessary licensed from competent bodies (if any).

The Company practices its activities through its head office located at the City of Al Dammam and other branches in Al Dammam, Riyadh and Jeddah together with POS networks across the Kingdom (for more information, please see the Sub-section (10.7.2.8) "the Company Branches and Points of Sale" of Section (10) "Legal Information" of this Prospectus). The Company received the Saudi Central Bank's permit No. (TMN /20095/21) dated 15/05/1430H (corresponding to 11/05/2009G) to practice insurance activities in the following areas:

a) General insurance, including:

- ✓ Accident and liability insurance
- ✓ Vehicle insurance
- ✓ Property insurance
- ✓ Maritime insurance
- ✓ Engineering insurance

b) Health insurance

c) Protection and savings insurance

3.4 The Company Products

As of the date of this Prospectus, the Company has obtained such approvals related to insurance products from the Central Bank. Details of products do not include all such terms and conditions pertaining to related insurance policies. This Section may include certain clauses not in accordance with those of policies. Consequently, provisions of insurances policies should be carefully perused and details of products provided in this Section should under no circumstanced be relied on.

The Company offers (48) insurance products, in relation to which, it obtained the final approval of the Central Bank (for more information, please see the Sub-section (10.7.1) "Table of Approvals and Licenses (10.7) "Governmental Certificates, Licenses and Approvals" of Section (10) "Legal Information" of this Prospectus, which are indicated as follows:

3.4.1Accident and liability insurance

The Table below shows accident and liability insurance products to be offered and marketed by the Company:

Table No. (3): Accident and Liability Insurance products

SN	Product Name	Approval No.	Product Description	Approval Type	Approval Date
1	Third party liability insurance policy	1259 \IS	Under this Policy, the Company indemnifies the insured against any liability before the law concerning costs and expenses of damages and claimants pertaining to incidental bodily injury of any person or incidental damage of properties which occurs during insurance period in certain premises associated with certain works during Policy term.	Final approval	12/05/1433H Corresponding to (04/04/2012G)
2	Extended third party liability insurance policy	341000001013	Under this Policy, the Company indemnifies the insured against any liability before the law concerning costs and expenses of damages and claimants pertaining to incidental bodily injury of any person or incidental damage of properties which occurs during insurance period in certain premises associated with certain works provided that a legal action is taken against the insured during Policy term or within 18 months after Policy expiry.	Final approval	04/01/1434H Corresponding to (18/11/2012G)
3	Group protection insurance policy (Social solidarity)	1165 \IS	Under this Policy, the Company indemnifies the insured in case of death or disability of the covered insured's employee.	Final approval	03/05/1433H Corresponding to (26/03/2012G)
4	Labor compensation insurance policy	371000088916	Under this Policy, the Company indemnifies the insured against all such sums which he/she is obliged to pay under the Saudi Labor Law to any employee who is in direct service of the insured and sustains any bodily injury or diseases arising from or during his/ her work for the insured.	Final approval	10/08/1437H Corresponding to (17/05/2016G)
5	Employer liability insurance policy	371000088906	Under this Policy, the Company pays all such sums which the insured is obliged to pay under the Law due to such bodily injury arising from or due to works of the insured provided that such bodily injury shall have sustained by the employee during his/ her work for the insured.	Final approval	10/08/1437H corresponding to (17/05/2016G)
6	Loading and unloading staff liability insurance policy	371000088902	Under this Policy, the Company covers legal liability of the insured such as loading and unloading agencies of ships including liability of the insured under this Policy against loss, damage and expenses sustained by properties of any other insured which name is provided in the Policy. This also includes the insured's incidental liability related to performance of the work(s) prescribed herein (by any subcontractor or others) save such things which the Policy may exclude and payment, on behalf of the insured, of any sum(s) which the insured is liable to pay due to an accident or incident related or associated with the work, operations, activity and/ or works of the insured such as loading and unloading agencies of ships in such place(s) mentioned in the Table in KSA and settlement of all relevant charges.	Final approval	10/08/1437H corresponding to (17/05/2016G)

7	Liability of managers and employees and the Company indemnity	371000115276	Under this Policy, the Company pays, on behalf of each manager or executive officer, for such loss arising from any claim to be filed against them during insurance period and in relation to which, the Company provided no indemnity or the Company pays, on its behalf, for such loss arising from any claim to be filed against any manager or executive officer during insurance period when and at minimum level whereby the Company indemnifies such manager or executive officer. Moreover, the Company pays, on its behalf, for such manager or executive officer loss related to any third party entity arising from any claim filed against them during insurance period.	Final approval	06/11/1437H corresponding to (10/08/2016G)
8	Third party liability and product liability insurance policy	371000088908	Under this Policy, the Company indemnifies the insured against any liability before the law concerning costs and expenses of damages and claimants pertaining to incidental bodily injury of any person or incidental damage of properties which occurs during insurance period in certain premises associated with certain works provided that a legal action is taken against the insured. Under this Policy, the Company indemnifies the insured against any liability before the law concerning costs and expenses of damages and claimants pertaining to incidental bodily injury of any person or incidental damage of properties arising from supply of any product within the geographical boundaries related to the work or contract defined in the Policy	Final approval	10/08/1437H corresponding to (17/05/2016G)
9	Personal accidents insurance policy (Groups)	371000088906	Under this Policy, the Company pays total claims arising from bodily injuries of the insureds during insurance period,	Final approval	10/08/1437H corresponding to (17/05/2016G)
10	Personal accidents insurance policy (Individuals)	371000088893	Under this Policy, the Company pays total claims arising from bodily injuries of the insureds during insurance period,	Final approval	10/08/1437H corresponding to (17/05/2016G)
11	Professional liability insurance - architects and civil engineers (Groups)	F-GUAH-1-C-21-046	Under this Policy, Company indemnifies the insured against any liability before the law concerning costs and expenses of damages and claimants pertaining to incidental bodily injury of any person or incidental damage of properties which is caused by architects and civil engineers provided that a legal action is taken against the insured save such special exclusions provided for in this Policy.	Final approval	17/04/1443H Corresponding to (22/11/2021G)
12	Professional liability insurance - accountants (Groups)	F-GUAH-1-C-21-045	Under this Policy, the Company indemnifies the insured against any liability before the law concerning costs and expenses of damages and claimants pertaining to incidental bodily injury of any person or incidental damage of properties which is caused by accountants provided that a legal action is taken against the insured save such special exclusions provided for in this Policy.	Final approval	17/04/1443H Corresponding to (22/11/2021G)
13	Professional liability insurance - financial consultants (Groups)	F-GUAH-1-C-21-044	Under this Policy, the Company indemnifies the insured against any liability before the law concerning costs and expenses of damages and claimants pertaining to incidental bodily injury of any person or incidental damage of properties which is caused by financial consultants provided that a legal action is taken against the insured save such special exclusions provided for in this Policy.	Final approval	17/04/1443H Corresponding to (22/11/2021G)

Source: Company

3.4.2Vehicle insurance

The Table below shows Vehicle insurance products to be offered and marketed by the Company:

Table No. (4): Vehicle insurance products

SN	Product Name	Approval No.	Product Description	Approval Type	Approval Date
1	Auto trading insurance policy (Internal risks)	1135\IS \36588	Under this Policy, the Company indemnifies the insured against the damage to any car (including relevant accessories) owned by the insured, any of its family members or resident(s) due to incidental means (external and manifest) occurring in or on premises.	Final approval	10/08/1429H Corresponding to (12/08/2008G)
2	Auto trading insurance policy (External risks)	1135\IS \36588	Under this Policy, the Company indemnifies the insured against any loss or damage accident to the car owned by or in possession or control of the insured including relevant accessories and spare parts thereon.	Final approval	10/08/1429H Corresponding to (12/08/2008G)
3	Comprehensive cover insurance policy of commercial vehicles	341000062967	Under this Policy, the Company indemnifies the insured against the loss or incidental damage to the insured's vehicle and such accessories included therein due to any sudden incidental accident save as expressly excluded in the Policy.	Final approval	19/05/1434H Corresponding to (30/03/2013G)
4	Comprehensive cover insurance policy of private vehicles	341000062967	Under this Policy, the Company indemnifies the insured against the loss or incidental damage to the insured's vehicle and such accessories included therein due to any sudden incidental accident save as expressly excluded in the Policy.	Final approval	19/05/1434H Corresponding to (30/03/2013G)
5	Unified policy of vehicles obligatory insurance - third party	341000062967	Under this Policy, the Company indemnifies third party(ies) in cash concerning all such amounts which the insured or driver of the insured vehicle is obliged to pay against bodily injuries sustained by third party(ies) inside or outside the vehicle whether they were arising during use or stoppage of vehicle inside the territories of Kingdom of Saudi Arabia.	Final approval	5/19/1434 Corresponding to (30/03/2013G)

Source: Company

3.4.3 Property insurance

The Table below shows property insurance products to be offered and marketed by the Company:

Table No. (5): Property insurance products

SN	Product Name	Approval No.	Product Description	Approval Type	Approval Date
1	Glass insurance policy	1322\IS\48708	Under this Policy, the Company indemnifies the insured should any glass of the insured building during insurance period sustained breakage across its thickness due to any accident or misfortune excluded under this Policy. The Company shall replace this broken glass with other which shall be of the same quality or pay the insured value of broken glass at the prevailing market price at breakage date (less value of anything carried out).	Final approval	21/10/1430H Corresponding to (24/01/2009G)
2	Property damage insurance policy (LM7): with the option to restore properties to their original condition before loss occurrence or replace them	2960\IS	Under this Policy, the Company pays to the insured, in case all of the insured's properties or part thereof sustained incidental material loss, destruction or damage, value of properties at occurrence date of such loss or destruction or value of such damage or, at its discretion, opt to restore such properties to their original condition or replace them or any part thereof.	Final approval	27/12/1433H Corresponding to (12/11/2012G)
3	Property damage insurance policy (ABI): with the option to replace properties only	2960\IS	Under this Policy, the Company pays to the insured, in case any of the insured's properties sustained damage, loss, destruction or material damage, value of properties at occurrence date of such loss or destruction or damage or, at its discretion, opt to replace them or any part thereof.	Final approval	27/12/1433H Corresponding to (12/11/2012G)

4	Breadwinner insurance policy	371000088913	Under this Policy, the Company indemnifies the insured against any loss or damage of private accommodation facilities.	Final approval	10/08/1437H Corresponding to (17/05/2016G)
5	Jewelry all risks insurance policy	371000088905	Under this Policy, the Company indemnifies the insured, in case the insured's properties or part thereof sustained loss or damage due to an accident or plight while they are in their place, by way of payment or, at its discretion, repair or restore the properties to their original condition.	Final approval	10/08/1437H Corresponding to (17/05/2016G)
6	Theft insurance policy	1598\IS\	Under this Policy, the Company indemnifies the insured in case any of the insured's properties sustained loss or damage while they are in their place due to theft which follows actual assault by force and violence to enter into or exit from such places or any attempt thereof or if such places sustained loss or damage due to theft or attempted theft.	Final approval	01/09/1430H Corresponding to (22/08/2009G)
7	Cash insurance policy	1844\IS\49207	Under this Policy, the Company indemnifies the insured against loss of money for any reason whatsoever, loss or damage to any safe or secured room due to theft or attempted theft or loss or damage to clothes and personal belongings owned by the insures or its employees as a direct result of theft or attempted theft including any violence or threatened violence.	Final approval	18/10/1431H Corresponding to (27/09/2010G)
8	Land transport insurance policy	371000088895	Under this Policy, the Company indemnifies the insured against loss and damage of land transported goods while they pass by a third country.	Final approval	10/08/1437H Corresponding to (17/05/2016G)
9	Fidelity bond insurance policy	701\IS\	Under this Policy, the Company indemnifies the insured against loss of money and other properties owned by the insured or to which he/ she is legally liable due to any fraud or breach of trust act to be done by any of the insured's employees in no excess of the sum insured.	Final approval	16/03/1433H Corresponding to (08/02/2012G)
10	Travel insurance policy	371000115093	This Policy provides a comprehensive cover for travelers of international trips against such risks related to travel outside KSA including potential risks which travelers might face due to various accidents such as cancelation or shortening trip time or missing departure trip time and loss or delayed arrival of luggage in time. This Policy also includes a cover of emergent medical expenses, personal accident or liability towards third parties subject to such conditions and exclusions indicated in the Policy.	Final approval	05/11/1437H corresponding to (08/08/2016G)
11	Travel premiums policy (amended)	381000081437	This Policy provides a comprehensive cover for travelers of international trips against such risks related to travel outside KSA including potential risks which travelers might face due to various accidents such as cancelation or shortening trip time or missing departure trip time and loss or delayed arrival of luggage in time. This Policy also includes a cover of emergent medical expenses, personal accident or liability towards third parties subject to such conditions and exclusions indicated in the Policy.	Final approval	05/08/1438H corresponding to (01/05/2017G)
12	Visit visa insurance policy (e-sale)	381000035181	Under this Policy, the Company provides quality healthcare to the insured in emergent medical cases and injuries arising from traffic accidents and medical evacuation which occurs while the insured is inside KSA.	Final approval	30/03/1438H corresponding to (29/12/ 2016)
13	Fire insurance policy	2960\IS	Under this Policy, the Company pays, to the insured if his/ her properties were destructed or damaged due to fire or lightning, value of properties upon their destruction or value of such damage and the Company shall have the option to restore such properties or any part thereof to their original condition or replace them within the limits if such amounts indicated in the Policy.	Final approval	27/12/1433H corresponding to (12/11/2012G)

14	Work interruption insurance policy (fire)	2960\IS	Under this Policy, the Company pays to the insured the amount of loss arising from work interruption in case of destruction or damage of any facility, other properties or any part thereof which the insured uses in relation to work due to such risks indicated in the Policy.	Final approval	27/12/1433H Corresponding to (12/11/2012G)
15	Work interruption insurance policy	2960\IS	Under this Policy, the Company pays to the insured the amount of loss arising from work interruption or obstruction in such facilities or properties of the insured or part thereof which were damaged or destructed due to an incidental event.	Final approval	27/12/1433H Corresponding to (12/11/2012G)
16	Vandalism and terrorism insurance policy	361000106200	Under this Policy, the Company indemnifies the insured against direct material loss or damage caused by or resulted from riot, strikes and/ or national strikes including fire, robbery-caused loss which follows riot, strikes, national strikes and/ or malicious damage as indicated in the Policy.	Final approval	03/08/1436H Corresponding to (21/05/2015G)

Source: Company

3.4.4 Maritime insurance

The Table below shows maritime insurance products to be offered and marketed by the Company:

Table No. (6): Maritime insurance products

SN	Product Name	Approval No.	Product Description	Approval Type	Approval Date
1	Hull insurance policy	371000088911	Under this policy, the Company covers hulls of ships against navigation related risks.	Final approval	10/08/1437H Corresponding to (17/05/2016G)
2	Maritime shipping insurance policy	371000088911	Under this policy, the Company covers goods (sole cargo) against risks related to air, sea or land transport at the option of the client including conditions and exclusion stated in the Policy.	Final approval	10/08/1437H Corresponding to (17/05/2016G)
3	Maritime cargoes insurance policy	371000088899	Under this policy, the Company covers goods (multiple cargoes) for a certain period of time against risks related to air, sea or land transport at the option of the client including conditions and exclusion stated in the Policy.	Final approval	10/08/1437H Corresponding to (17/05/2016G)

Source: Company

3.4.5 Engineering insurance

The Table below shows engineering insurance products to be offered and marketed by the Company:

Table No. (7): Engineering insurance products

SN	Product Name	Approval No.	Product Description	Approval Type	Approval Date
1	Machinery malfunctioning insurance policy	126\IS\	Under this Policy, the Company indemnifies the insured, in case the insured's machinery (while being in their place) sustained material sudden and unexpected damage or loss due to any reason not excluded in the Policy, which requires repair or replacement, by way of payment or, at its discretion, repair or restore the properties to their original condition.	Final approval	27/01/1430H Corresponding to (24/01/2009G)
2	Insurance policy of profit loss arising from machinery malfunctioning	126\IS\	Under this Policy, the Company pays to the insured amount of loss resulted from work interruption resulting from malfunctioning of insured machinery.	Final approval	27/01/1430H Corresponding to (24/01/2009G)
3	Insurance policy of inventory spoilage in cooling warehouses (Food spoilage)	126\IS\	Under this Policy, the Company indemnifies the insured against loss or damage caused by spoilage resulted from any material sudden and unexpected damage or loss of coolers related facilities which is insurable under a valid machinery malfunctioning policy.	Final approval	27/01/1430H Corresponding to (24/01/2009G)

4	Boiler and compressor insurance policy (Industrial boilers)	126\IS\	Under this Policy, the Company indemnifies the insured against loss or damage caused by spoilage resulted from any material damage or loss of a boiler, compressor or surrounding properties due to explosion or collapse of boiler or compressor (save damages resulted from fire).	Final approval	27/01/1430H Corresponding to (24/01/2009G)
5	Electronic devices insurance policy	126\IS\	Under this Policy, the Company indemnifies the insured against material sudden and unexpected damage or loss resulted from any cause non-excluded in the Policy which requires repair or replacement of insured electronic devices.	Final approval	27/01/1430H Corresponding to (24/01/2009G)
6	Construction contractors' risks insurance policy	126\IS\	Under this Policy, the Company indemnifies the insured against loss, damage or liability caused by, arising from or aggravated due to works of contractors (save special exclusions as provided for in the Policy).	Final approval	27/01/1430H Corresponding to (24/01/2009G)
7	Contractors' risks insurance policy - installations	126\IS\	Under this Policy, the Company indemnifies the insured against loss, damage or liability caused by, arising from or aggravated due to installation works (save special exclusions as provided for in the Policy).	Final approval	27/01/1430H Corresponding to (24/01/2009G)
8	Contractors facilities and machinery insurance policy	126\IS\	Under this Policy, the Company indemnifies the insured against material sudden and unexpected damage or loss resulted from any cause non-excluded in the Policy which requires repair or replacement of insured facilities and machinery of contractors.	Final approval	27/01/1430H Corresponding to (24/01/2009G)

Source: Company

3.4.6 Health insurance

The Table below shows health insurance products to be offered and marketed by the Company:

Table No. (8): Health insurance products

SN	Product Name	Approval No.	Product Description	Approval Type	Approval Date
1	Health obligatory cooperative security	1074\Is\	Under this Policy, the Company covers costs of medical services provision to all currently working eligible staff as per such categories determined by medical service providers network appointed by the Company in accordance with such terms, conditions and restrictions provided in the Policy.	Final approval	09/07/1429H corresponding to (17/05/2008G)
2	Individual health insurance	1074\Is\	Under this Policy, the Company covers costs of medical services provision to insured persons as per such categories determined by medical service providers network appointed by the Company in accordance with such terms, conditions and restrictions provided in the Policy.	Final approval	09/07/1429H Corresponding to (21/07/2008G)
3	Medical malpractice insurance policy	371000115274	Under this Policy, the Company indemnifies the insured against any liability before the law concerning bodily injury, mental injury, disease, illness or death of any patient caused by omission, fault or negligence by the insured in the course of ordinary and emergent medical treatment, healthcare home visits or remote medical care within the scope of performance of his/ her job or profession while being inside KSA. Save such special exclusions provided for in this Policy.	Final approval	06/11/1437H Corresponding to (10/08/2016G)

Source: Company

3.5 Company Vision

Delivering insurance services and covers to the biggest trench of clients by way of opening branches in various cities and areas.

3.6 Company Mission

The Company strives to provide clients with insurance services and covers at competitive prices and excellent quality.

3.7 Company Strategy

Gulf Union Al Ahlia Cooperative Insurance Co. developed a strategy that enables it to achieve its mission and vision. Company strategy includes the following elements:

- Expand the use of digital solution to deal with clients and consumers.
- Strive to develop the infrastructure for all IT systems of the Company.
- Consolidate the Company's efforts across KSA to focus on maximizing profits.
- Develop and improve relationships with service providers.
- Focus on products and category of client with higher profitability margin.

3.8 Strengths & Competitive Advantages

The following points grant special advantages to the Company over competitors:

- High profile management including Saudi cadres in top and middle positions.
- High level relationships with clients and reinsurers.
- Remarkable and superior trademark.
- State-of-the-art service programs.
- POS across the Kingdom.
- Internally advanced program of medical claims.

3.9 Key Shareholders

As of the date of this Prospectus, the table below shows direct equity of Key Shareholders.

Table No. (9): Direct equity of Key Shareholders

Shareholder	Equity	No. of Shares
Gulf Union Holding Co.	10.78%	2,473,737

Source: Company

3.9.1 About Key Shareholders

✓ Gulf Union Holding Co.

A Bahraini joint stock closed company under the Registration Number (12885 – 1) dated 21/11/1402H (corresponding to 09/09/1982G). As of the date of this Prospectus, the Company equity is 510.78%. Details of Gulf Union Holding Co. equity in the Company are as follows:

Table No. (10): Equity of Gulf Union Holding Co.

SN	Name	Equity	No. of Shares
1	Gulf Union Holding Co.	10.785%	2,475,000
Total		10.785%	2,475,000

Source: Company

3.10 Company Branches and POS

The Company provides and promotes its various insurance products through its head office located at the City of Al Dammam and other branches in Al Dammam, Riyadh and Jeddah together with POS network across the Kingdom (for more information, please see the Sub-section (10.7.2.8) "the Company and Points of Sale" of Section (10) "Legal Information" of this Prospectus). As of the date of this Prospectus, the Company is committed to Cooperative Insurance Companies Supervision System. Details of Branches and POS are as follows:

Table No. (11): Company branches

SN	Name	Address:	Commercial Registration No.	Activity(ies)	Issue Date	Expiry date
1	Branch of Gulf Union Al Ahlia Cooperative Insurance Co.	Al Dammam, Al Moajil Trade Center	2050118944	Protection and savings insurance, health insurance, general insurance	09/02/1440H (corresponding to 18/10/2018G)	09/02/1444H (corresponding to 05/09/2022G)
2	Branch of Gulf Union Al Ahlia Cooperative Insurance Co.	Riyadh, Al Yarmouk District	1010238441	Protection and savings insurance, health insurance, general insurance	07/09/1428H (corresponding to 19/09/2007G)	07/09/1443H (corresponding to 08/04/2022G)
3	Branch of Gulf Union Al Ahlia Cooperative Insurance Co.	Jeddah, Al Salam District	4030177933	Protection and savings insurance, health insurance, general insurance	28/03/1429H (corresponding to 05/04/2008G)	28/03/1444H (corresponding to 24/10/2022G)

Source: Company

Table No. (12): POS

SN	Name	City	Commercial Registration No.	Activity(ies)	Issue Date	Expiry date
1	POS (1)	Riyadh	1010352878	Protection and savings insurance, health insurance, general insurance	24/11/1433H (corresponding to 10/10/2012G)	24/11/1444H (corresponding to 13/06/2023G)
2	POS (2)	Riyadh	1010346145	Protection and savings insurance, health insurance, general insurance	10/09/1433H (corresponding to 29/07/2012G)	10/09/1443H (corresponding to 11/04/2022G)
3	POS (3)	Bredeh	1131040190	Protection and savings insurance, health insurance, general insurance	06/04/1433H (corresponding to 28/02/2012G)	06/04/1444H (corresponding to 31/10/2022G)
4	POS (4)	Riyadh	1010467877	Protection and savings insurance, health insurance, general insurance	02/05/1438H (corresponding to 30/01/2017G)	21/02/1444H (corresponding to 17/09/2022G)
5	POS (5)	Al Kharj	1011024249	Protection and savings insurance, health insurance, general insurance	22/02/1438H (corresponding to 22/11/2016G)	21/02/1444H (corresponding to 17/09/2022G)
6	POS (6)	Jeddah	4030232161	Protection and savings insurance, health insurance, general insurance	09/09/1433H (corresponding to 28/07/2012G)	09/09/1444H (corresponding to 31/03/2023G)

7	POS (7)	Al Madinah Al Munawwarah	4650081718	Protection and savings insurance, health insurance, general insurance	22/02/1438H (corresponding to 22/11/2016G)	21/02/1444H (corresponding to 17/09/2022G)
8	POS (8)	Al Taif	4032050998	Protection and savings insurance, health insurance, general insurance	21/02/1438H (corresponding to 21/11/2016G)	20/02/1444H (corresponding to 16/09/2022G)
9	POS (9)	Makkah Al Mukaramah	4031098822	Protection and savings insurance, health insurance, general insurance	05/05/1438H (corresponding to 02/02/2017G)	21/02/1444H (corresponding to 17/09/2022G)
10	POS (10)	Al Taif	4032032799	Protection and savings insurance, health insurance, general insurance	06/04/1433H (corresponding to 28/02/2012G)	06/04/1444H (corresponding to 31/10/2022G)
11	POS (11)	Najran	5950025326	Protection and savings insurance, health insurance, general insurance	27/01/1434H (corresponding to 11/12/2012G)	26/01/1444H (corresponding to 24/08/2022G)
12	POS (12)	Jizan	5900021365	Protection and savings insurance, health insurance, general insurance	24/04/1434H (corresponding to 06/03/2013G)	24/04/1444H (corresponding to 18/11/2022G)
13	POS (13)	Khamis Mushait	5855045568	Protection and savings insurance, health insurance, general insurance	10/09/1433H (corresponding to 29/07/2012G)	10/09/1444H (corresponding to 01/04/2023G)
14	POS (14)	Sharurah	5951002456	Protection and savings insurance, health insurance, general insurance	22/02/1438H (corresponding to 22/11/2016G)	21/02/1444H (corresponding to 17/09/2022G)
15	POS (15)	Al Dammam	2050085219	Protection and savings insurance, health insurance, general insurance	09/09/1433H (corresponding to 28/07/2012G)	09/09/1444H (corresponding to 31/03/2023G)
16	POS (16)	Hafr Al Batin	2511025375	Protection and savings insurance, health insurance, general insurance	21/02/1438H (corresponding to 21/11/2016G)	20/02/1444H (corresponding to 16/09/2022G)
17	POS (17)	Al Qutaif	2053026200	Protection and savings insurance, health insurance, general insurance	09/09/1433H (corresponding to 28/07/2012G)	09/09/1444H (corresponding to 31/03/2023G)
18	POS (18)	Al Khafji	2057009090	Protection and savings insurance, health insurance, general insurance	05/05/1438H (corresponding to 02/02/2017G)	10/09/1444H (corresponding to 01/04/2023G)
19	POS (19)	Jubail	2055018060	Protection and savings insurance, health insurance, general insurance	27/01/1434H (corresponding to 11/12/2012G)	27/01/1444H (corresponding to 25/08/2022G)
20	POS (20)	Al Ihsaa	2250048144	Protection and savings insurance, health insurance, general insurance	09/09/1433H (corresponding to 28/07/2012G)	09/09/1444H (corresponding to 31/03/2023G)
21	POS (21)	Arar	3450015434	Protection and savings insurance, health insurance, general insurance	21/02/1438H (corresponding to 21/11/2016G)	20/02/1444H (corresponding to 16/09/2022G)

22	POS (22)	Hael	3350044433	Protection and savings insurance, health insurance, general insurance	22/02/1438H (corresponding to 22/11/2016G)	21/02/1444H (corresponding to 17/09/2022G)
23	POS (23)	Tabuk	3550039233	Protection and savings insurance, health insurance, general insurance	01/12/1438H (corresponding to 23/08/2017G)	01/12/1443H (corresponding to 30/06/2022G)

Source: Company

3.11 Company Dividends as per Insurance Branches

The Company received the Central Bank's permit No. (TMN /20095/21) dated 15/05/1430H (corresponding to 11/05/2009G) to practice insurance activities in the following areas: (General insurance, health insurance and protection and savings insurance). The said Permit was updated on 20/03/1443H (corresponding to 26/10/2021G) for three year starting from 26/08/1443H (corresponding to 29/03/2022G) expiring on 25/08/1446H (corresponding to 24/02/2025G). Details of total subscribed premiums of the Company for the Financial Years 2018G, 2019G and 2010G and the financial period ending 30 September 2021G as per insurance branches are as follows:

Table No. (13): Company Dividends as per Insurance Branches

Branch	2018G (SAR)	2019G (SAR)	2020G (SAR)	30 September 2021G (SAR)
General Insurance	207,654,517	247,600,833	165,772,738	232,665,145
Health insurance	120,347,158	311,195,458	391,350,710	189,006,979
Protection and savings insurance	-	-	-	-
Total	328,001,675	558,796,291	557,123,448	421,672,124

Source: Company

3.12 Company Dividends as per Geographical Region

The Company provides and promotes its various insurance products through its head office located at the City of Al Dammam and other branches in Al Dammam, Riyadh and Jeddah together with POS network across the Kingdom (for more information, please see the Sub-section (10.7.2.8) "the Company Branches and Points of Sale" of Section (10) "Legal Information" of this Prospectus). Details of total subscribed premiums of the Company for the Financial Years 2018G, 2019G and 2010G and the financial period ending 30 September 2021G as per geographical region are as follows:

Table No. (14): Company Dividends as per Geographical Region

Region	2018G (SAR .000)	2019G (SAR .000)	2020G (SAR .000)	30 September 2021G (SAR .000)
Eastern Region	131,217	294,529	234,891	269,962
Al Wusta Region	164,073	167,160	222,578	111,721
Western Region	32,712	97,107	99,654	39,989
Total	328,002	558,796	557,123	421,672

Source: Company

3.13 Reinsurance

The Company deals with (26) reinsurance companies inside and outside KSA to cover a part of such risks which the Company insures under the insurance operation it carries out. The Table below shows reinsurance companies which the Company deals with:

Table No. (15): Reinsurance companies which the Company deals with:

SN	Company Name	State	Classification	Classified Company
1	SCOR Global P&C	French	AA-	S&P
2	R+V Versicherung AG	German	AA-	S&P
3	Odyssey Re	French	A-	S&P
4	Partner Re	French	A+	S&P
5	Munich Re	German	A-	S&P
6	Swiss Re Switzerland	Swiss	AA-	S&P
7	Saudi Cooperative Reinsurance Co. (Saudi Re)	Saudi	BBB+	S&P
8	General Insurance Company "GIC"	Indian	A-	A.M.Best
9	Echo Reinsurance Co. (Echo Re)	Swiss	A+	S&P
10	Helvetia	Swiss	A-	S&P
11	CCR Re	French	A-	S&P
12	Kuwait Reinsurance Co. (Kuwait Re)	Kuwaiti	A-	A.M.Best
13	TransRe	US	A+	A.M.Best
14	Korean Re	South Korea	A	S&P
15	Barents Re	Cayman Islands	A	A.M.Best
16	Oman Insurance Company	UAE	A	A.M.Best
17	ADNIC	UAE	A-	S&P
18	Aspen Reinsurance Co. (Aspen Re)	US	A	A.M.Best
19	AXA Reinsurance Co. (AXA Re)	French	A-	A.M.Best
20	Lloyd's syndicates	British	A+	S&P
21	Malaysian Re	UAE	A-	A.M.Best
22	Liberty	UAE	A+	S&P
23	Chaucer	British	A+	A.M.Best
24	Deutsche Rueck	German	A+	S&P
25	SANTAM RE/ NEW RE	South Africa	A+	A.M.Best
26	Hannover Ruck Se	Bahraini	A+	A.M.Best

Source: Company

3.14 Companies in which the Company owns shares or bonds

Except the its investment in Najm Insurance Services Co., the Company has no other investments in companies whether inside or outside KSA nor has any affiliate.

- ✓ **Najm Insurance Services Co.**

The Company owns (7.69%) of the shares of Najm Insurance Services Co., a Saudi joint stock closed company under the Registration Number (1010229751). Capital amounts to fifty million and eighty (50,000,080) Saudi riyals, divided into fifty million and eighty (50,000,080) ordinary shares. Amount per share is SAR (10) fully paid. Details of the Company equity in Najm Insurance Services Co. are as follows:

Table No. (16): Details of the Company equity in Najm Insurance Services Co.

Company	Equity (%)	No. of Shares	Nominal value of shares (SAR)
Najm Insurance Services Co.	7.69%	384,616	3,846,160

Source: Company

3.15 Business Interruption

The business of the Company witnessed no interruption which has or might have remarkable effect to the financial position within the last 12 months.

3.16 Staff & Saudization

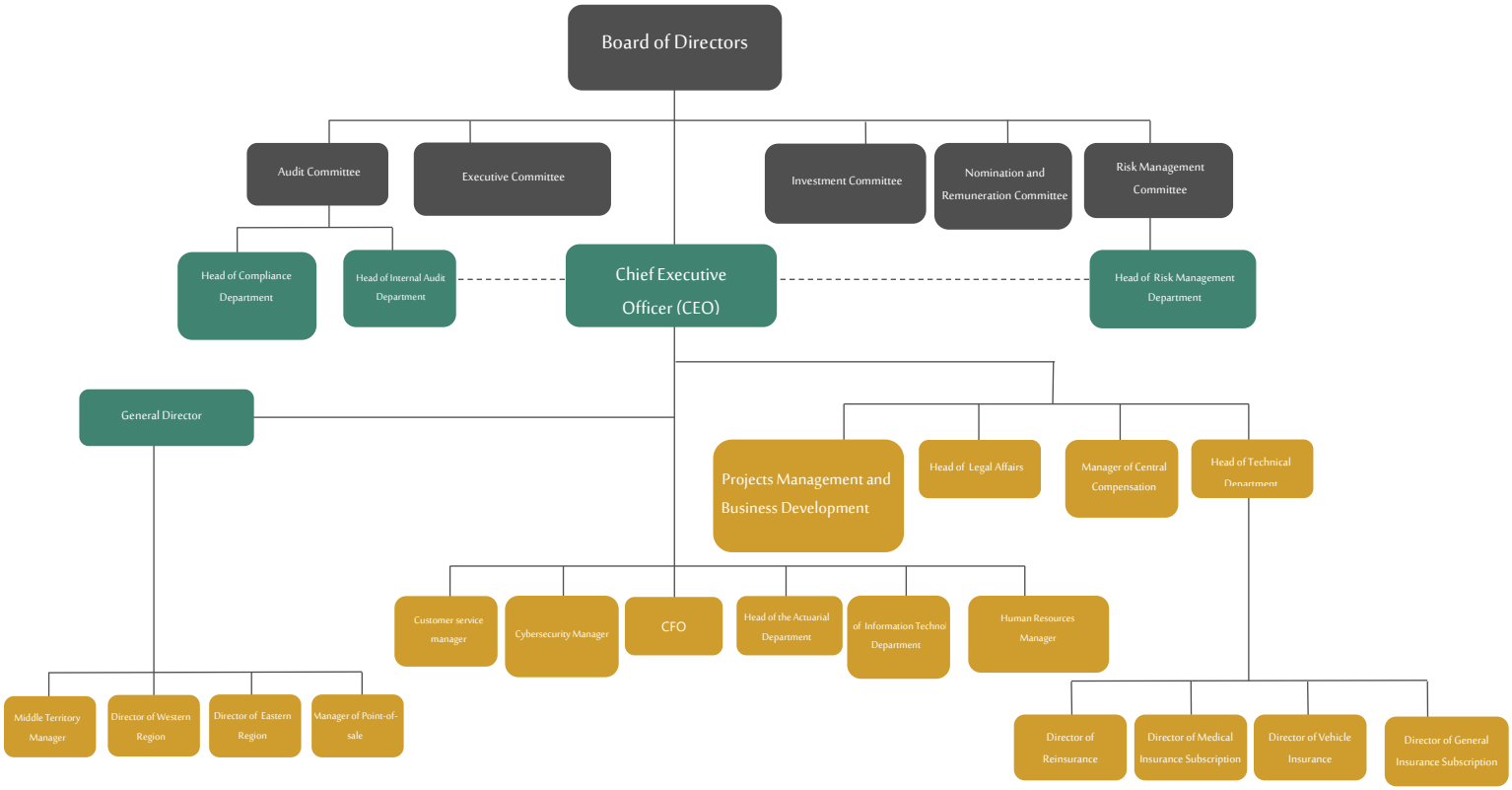
As of the date of this Prospectus, number of the Company employees was 407 persons including 290 Saudi employee and 117 Non-Saudi employees. According to Nitaqat Program issued by Ministry of Human Resources and Social Development, Saudization rate, as of the date of this Prospectus, reached around (71.25.%). The Company is classified in the "Platinum" category.

4 Organizational structure of the Compan

4.1 Organizational Structure

The following figure shows the organizational structure of the company:

Figure no. (1): Organizational Structure of the Company



Source: company

4.2 Board Members

The following table shows the members of the company's board of directors:

Table No. (17): Board members

Board Members								
The Company's Board of Directors appointed on 20/04/1441H (17/12/2019G) *								
Name	Position**	Membership status	Nationality	Age	Shares			
					Direct		Indirect	
					Number	Percentage	Number	Percentage
Abdul Aziz Abdul Rahman Al-Turki**	Chairman of Board of Directors	Non-executive Non- Independent	Saudi	77	227.454	%0.9911944	-	-
Fawaz Talal Ali Al-Tamimi**	Deputy Chairman	Non-executive Non- Independent	Saudi	38	681	%0.0029676	*** 481.499	*** %2.0982667
Mounir Hashem Abdul Razzak Al-Borno	Board member	executive Non- Independent	Canadian	75	681	%0.0029676	-	-
Maged Shatta Hammoud Al-Zufairi	Board member	Non-executive Non- Independent	Saudi	43	-	-	-	-
Ibrahim Abdul Allah Ibrahim Al-Muttraf	Board member	Non-executive Independent	Saudi	73	681	%0.0029676	-	-
Aiham Mohammed Abdul Allah Al-Youssef	Board member	Non-executive Independent	Saudi	51	100	%0.0004357	-	-
Ghassan Mohammed Othman Kashmiri	Board member	Non-executive Independent	Saudi	52	-	-	-	-
Secretary of Board of Directors								
Somaya Abdul Aziz Ahmed Abo daken**	Secretary	-	Saudi	32	-	-	-	-

Source: The Company

* The Regular General Assembly, in its meeting held on 20/04/1441H (corresponding to 17/12/2019G), agreed to elect the members of the Board of Directors mentioned above for the current session, which started on 20/04/1441H (corresponding to 17/12/2019G), for a period of three years ending on 22/05/1444H (corresponding to 16/12/2022G).

** Company Board of Directors decided to appoint Mr. Abdul Aziz Abdul Rahman Al-Turki as the Chairman and to appoint Ms. Somaya Abdul Aziz Ahmed Abo daken as the Secretary. Company gets Saudi Central Bank (SAMA) no-objection on 09/07/1441H (corresponding 04/03/2020G).

*** Mr. Fawaz Talal Ali Al-Tamimi; the Deputy Chairman, has indirect ownership of 100% in Tamimi Co. capital, for its holders Mohammed & Ali Al-Tamimi, which owns %2.0982667 in Gulf Union Cooperative Co., making the total of his indirect ownership %2.098227 of issued share capital.

It is worth noting that it was recommended by the aforementioned Board Members on 13/03/1443H (corresponding 19/10/2021G) to recapitalize the company through priority rights from Two hundred and twenty-nine million, four hundred and seventy-four thousand and six hundred and forty-four (229.474.640/-) Saudi Riyal to Four hundred and fifty-eight million and nine hundred and forty-nine thousand and eighty-two hundred (458.949.280/-) Saudi Riyal, representing an increase of %100, hence an increase in Company number of shares from twenty-two million and nine hundred and forty-seven thousand and four hundred and sixty four (22.947.464) ordinary shares to Forty-five million, eighty-eight hundred and ninety-four thousand, ninety-eight hundred and twenty-eight (45.894.928) ordinary shares.

4.3 Company Committees

The following is a description of the company's committees, their responsibilities and current members of each committee:

4.3.1 Audit Committee

Extra Ordinary Assembly, in its meeting held on 20/04/1441H (corresponding to 17/12/2019G), agreed to form the Audit Committee and to identify its core tasks, its work controls and its members remuneration for the current session, for three (3) years starting from 20/04/1441H (corresponding to 17/12/2019G) and ending on 22/05/1444H (corresponding to 16/12/2022G. Company gets Saudi Central Bank (SAMA) no-objection on 15/02/1441H (corresponding to 14/10/2019G). the below table shows Members of the Audit Committee:

Table No. (18): Audit Committee Members

Name	Position
Ibrahim Abdul Allah Ibrahim Al-Mutraf	Chairman
Mohammed Aqeel Atta Allah Al-Shaya	Member
Ibrahim Abdul Aziz Al-Mokham	Member

Source: The Company

The Audit Committee is responsible for monitoring the company's business and verifying the integrity of its reports, financial statements and internal control systems. The committee's tasks include in particular the following:

Roles and Responsibilities of Audit Committee:

- ✓ Monitors the management of internal audit in the Company and ensures its effectiveness.
- ✓ Reviews audit findings with Auditor and provides notes about it.
- ✓ Examines the auditor's notes on the financial statements and follows up on the actions taken in this regard.
- ✓ Examines the adequacy of financial and professional internal controls in the Company.
- ✓ Studies the rules of internal control and provides a written opinion on it and recommendation in this regard.

Audit Committee is subject to the supervision of Board Members through periodic reports submitted to the Board.

4.3.2 Remuneration and Nomination Committee and its responsibilities:

The Board of Directors decided in its meeting held on 26/04/1441H(corresponding to 24/12/2019G) to form the Nominations and Remunerations Committee, determining its tasks, rules of work, and the remuneration of its members for the current session, which commencing on 20/04/1441H(corresponding to 17/12/2019G) and ends on 22/05/1444H (corresponding to 16/12/2022G). The table below shows the members of the Nominations and Remunerations Committee:

Table No. (19): Nomination and Remuneration Committee Members

Name	Position
Ibrahim Abdul Allah Ibrahim Al- Mutraf	Chairman
Ayham Mohammed Abdul Allah Al-Youssedf	Member
Fawaz Talal Ali Al-Tamimi	Member

Source: The Company

Remuneration and Nomination Committee roles and responsibilities:

- ✓ Raises its recommendations to the Board of Directors with regard to each Member or Executive Director remuneration, incentive schemes, capital participation plans and other rewards plans.
- ✓ Illustrates the relationship between the paid compensation and the compensation policy adopted, and sheds the light on any discrepancies in this policy.
- ✓ Periodically reviews compensation policy and assesses its effectiveness in attaining its targets.
- ✓ Suggests clear policies and criteria for nomination to Board membership and Executive Management.
- ✓ Develops a description for capabilities and qualifications necessary for Board membership and executive management positions.
- ✓ Reviews, on a yearly basis, the skills and expertise required for Board Members and Executive Management.
- ✓ Reviews the structure of Board of Directors and the Executive Management and provides recommendations regarding any possible changes to that structure.
- ✓ Ensures, on an annual basis, the independence of independent board members, and that there aren't any aspects of conflict of interest in the membership of Boards members of other companies.
- ✓ Verifies the structure of Board of Directors and provides recommendations regarding any changes could be made to that structure.
- ✓ Recommends the Board of Directors in relation to candidates nominated for membership of various committees emanating from the Board.
- ✓ Recommends the appointment of Company executive management.

Audit Committee is subject to the supervision of Board Members through periodic reports submitted to the Board.

4.3.3 Executive Committee

The Board of Directors decided in its meeting held on 26/04/1441H(corresponding to 24/12/2019G) to form the Executive Committee, determining its tasks, rules of work, and the remuneration of its members for the current session, commencing on 20/04/1441H (corresponding to 17/12/2019G) and ending on 22/05/1444H (corresponding to 16/12/2022G). The table below shows the members the Executive Committee:

Table No. (20): Executive Committee Members

Name	Position
Abdul Aziz Ali Abdul Rahman Al-Turki	Chairman
Fawaz Talal Ali Al-Tamimi	Member
Mounir Hashem Abdul Razzak Al-Borno	Member

Source: Company

Executive Committee roles and responsibilities:

- ✓ Makes recommendations on developing the Company strategic objects.
- ✓ Reviews periodically the performance strategy of the Company, ensures and determines whether Company has achieved its short-term and long-term objectives.
- ✓ Controls the financial performance of the Company.
- ✓ Reviews and approves major investments decisions in accordance with the approved company strategies.
- ✓ Shapes and restructures any joint venture or partnership, including any related expenses.
- ✓ Recommends consolidation operationsi in case of Company reorganization.
- ✓ Submits recommendations to the Board with regard to Company management of "corporate social responsibility" pertaining to employees, society and environment.

Executive Committee is subject to the supervision of Board Members through periodic reports submitted to the Board.

4.3.4 Risk-Management Committee

The Board of Directors decided in its meeting held on 26/04/1441H (corresponding to 24/12/2019G) to form the Risk Management Committee, determining its tasks, rules of work, and the remuneration of its members for the current session, commencing on 20/04/1441H (corresponding to 17/12/2019G) and for three years ending on 22/05/1444H (corresponding to 16/12/2022G). The table below shows the members the Risk Management Committee:

Table No. (21): Risk Committee Members

Name	Position
Maged Shatta Hamoud Al-Zufairi	Chairman
Ayham Mohammed Abdul Allah A-Youssef	Member
Ghassan Mohammed Othman Kashmiri	Member

Source: company

Risk-Management Committee roles and responsibilities:

- ✓ Identifies the potential risks faced by the Company.
- ✓ Oversees the risk management system and assesses its effectiveness.
- ✓ Reevaluates Company's ability to take risks and its risk exposure periodically.
- ✓ Adopts a comprehensive strategy for risk management, oversights its implementation, reviews and updates it on a regular basis,, by considering Company internal and external developments.
- ✓ Reviews policies of risks management.
- ✓ Submits reports to the Board on risks exposure and recommends appropriate procedures to manage it.
- ✓ Advise the Boardabout issues concerning risks management.

4.3.5 Investment Committee

The Board of Directors decided in its meeting held on 26/04/1441H (corresponding to 24/12/2019G) to form the Investment Committee, determining its tasks, rules of work, and the remuneration of its members for the current session, commencing on 20/04/1441H (corresponding to 17/12/2019G) and for three years ending on 22/05/1444H (corresponding to 16/12/2022G). The table below shows the members the Investment Committee:

Table No. (22): Investment Committee Members

Name	Position
Abdul Aziz Abdul Allah Abdul Aziz Al-Naeam	Chairman
Maged Shatta Hammoud Al-Zufairi	'Member
Mounir Hashem Abdul Razzak Al-Borno	Member
Mashaal Ibrahim Saleh Al-Shaya*	Member

Source: company

*The Board of Directors decided in its meeting held on 14/05/1442H (corresponding to 29/12/2020G) to add a new member to Investment Committee through nominating Mr. Mashaal Ibrahim Saleh Al-Shaya, who is appointed after getting Saudi Central Bank no-objection on 01/08/1442H (corresponding to 14/03/2021G).

Investment Committee roles and responsibilities:

- ✓ Prepares, formulates and audits the implementation of investment policy, on a quarterly basis.
- ✓ Recommends new investment opportunities to the Board.
- ✓ Reviews the performance of each asset categories and submits reports to the Board.
- ✓ Monitors comprehensive risks of investment policy.
- ✓ Recommends Company financial strategy to the Board.
- ✓ Ensures the compliance of all investment activities with the requirements of investment regulation issued by Saudi Central Bank, and in accordance with any other applicable laws and regulations.

4.4 Executive Management

The table below shows the details of the Company's executive management:

Table No. (23): Executive Management

Name	Position	Nationality	Age	Date of Appointment	Shares			
					Direct		Indirect	
					Number	%	Number	%
Mashaal Ibrahim Saleh Al-Shaya	Chief Executive Officer (CEO)	Saudi	46	13/04/2021G	-	-	-	-
Abdul Allah Saead Harboush Al-Hareth	General Manager	Saudi	39	21/07/2013G	-	-	-	-
Nagi Ahmed Ali Al-Mostafa	Chief Financial Officer	Saudi	40	16/09/2021G	-	-	-	-
Ayed Eid Refaey Al-Hozaimi	Human Resources Manager	Saudi	34	11/12/2017G	-	-	-	-
Hassan Ahmed Hassan Attia	Information Technology Department Manager	Egyptian	40	01/10/2014G	-	-	-	-
Zahraa Shaker Abdul Allah Al-warsh	Cybersecurity Manager	Saudi	32	04/01/2018G	-	-	-	-
Iman Mohammed Ali Al-Aathian	Customer service manager	Saudi	40	07/01/2018G	-	-	-	-
Abdul Allah Sheer Khan	Head of the Actuarial Department	Pakistani	29	11/03/2021G	-	-	-	-
Abdul Monaem Abdul Allah Hpl] Al-Boali	Head of the technical Department	Saudi	41	26/10/2018G	-	-	-	-
Saead Saad Al-Hamidi Al-sabiei	Central Compensation Manager	Saudi	40	28/03/2021G	-	-	-	-
Hamad Abdul Allah Hamad Al-Nasser	Head of Legal Affairs	Saudi	31	23/04/2017G	-	-	-	-
Sifokumar sishardi	Project Management and Business Development Officer	Indian	47	11/04/2021G	-	-	-	-
Mamdouh Mohsen Saleh Al-Brahim	Point of sale manager	Saudi	41	31/12/2011G	-	-	-	-
Mohammed Hussien Mohammed Al-Talili	Director of the Western Territory	Saudi	31	18/09/2016G	-	-	-	-
Othman Suliman Othan Al-Nazir	Director of the Central Territory	Saudi	47	17/09/2011G	-	-	-	-
Murtada Mohammed Hassan Al-Mohsen	Director of the Eastern Territory	Saudi	38	09/04/2019G	-	-	-	-
Fylira Katito Moraley	Director of General Insurance Subscription	Indian	62	02/12/1991G	-	-	-	-
Razan Saleh Ali Al-Yehia	Director of Vehicle Insurance Subscription	Saudi	31	09/07/2017G	-	-	-	-
Gassem Mohammed Ahmed Al-Gaafar	Director of Medical Insurance Subscription	Saudi	34	01/11/2011G	-	-	-	-
Fadel Abbas Hussain Al-Hashim	Director of Reinsurance Operations	Saudi	33	01/12/2019G	-	-	-	-

Source: The Company

4.5 Compensation and Remuneration of Board Members and Senior Executives

Nomination and Remuneration Committee shall suggest the compensation and remuneration received by board members and senior executives. The table below shows details of the salaries, bonuses and allowances received by the board members and top five executive managers during the past three years:

Table No. (24): Compensation and Remuneration of Board Members and Senior Executives

(In Saudi Riyals)	Financial year ending on December 31, 2018G	Financial year ending on December 31, 2019G	Financial year ending on December 31, 2020G
Board Members	4.054.72	3.981	3.446
Top Executive Managers	4.342.37	5.217.12	6.797.8
Total	8.397.1	9.198.12	10.243.8

Source: The Company

5 Employees

5.1 Current employee stock ownership programs before the application for registration and offering the securities subject to this

As at the date of this Prospectus, the Company has no employee stock ownership program.

5.2 Arrangements granting employees a share in the Capital

As of the date of this Prospectus, there are no arrangements for granting employees a share in the capital.

6 Financial Information and Management's Discussion and Analysis

6.1 Introduction

This section "Management Discussion, Analysis of the Financial Position and Results of Operations" presents an analytical review of the operational performance and financial position of the Company during the financial years ending on December 31, 2018G, 2019G and 2020G, that includes comparative figures for a term of nine months ending on September 30, 2021G. It is based and should be read in conjunction with the company's audited financial statements for the financial years ending on December 31, 2018G, 2019G and 2020G, also with the unaudited condensed financial statements for the nine-month period ending on September 30, 2021G, that includes comparative figures for a term of nine months ending on September 30, 2020G. and the notes attached thereto (hereinafter referred to as the "financial statements"), attached to this Prospectus.

"KPMG Al Fozan & Partners Co." and "Aldar Audit Bureau Abdullah Al Basri Co." have audited the Company's financial statements for the year ending on December 31, 2018G. While, "PricewaterhouseCoopers Co." and "Al Kharashi & Co. Certified Accountants and Auditors" have audited the Company's financial statements for the two years ending on December 31, 2019G and 2020G. The unaudited condensed financial statements for the period ending on September 30, 2021G have neen examined by "PricewaterhouseCoopers Co." and "RSM Allied Accountants Co."

Neither "KPMG Al Fozan & Partners Co.", "Aldar Audit Bureau Abdullah Al Basri Co.", "PricewaterhouseCoopers Co.", "Al Kharashi & Co. Certified Accountants and Auditors", "RSM Allied Accountants Co." nor any of their subsidiaries or sister companies have no stake or interest of any kind in the Company. Auditors gave written consent to use name, logo, and affidavit in this Prospectus as the Company's auditors for the above-mentioned years.

Company audited financial statements for the fiscal year ending on December 31, 2018G are prepared according to (SRFI) applicable in Saudi Arabia and the other releases approved by (APCOS), and amended by Saudi Central Bank to account Zakat and income tax. As the amendment requires applicating all International Financial Report Standards issued by International Council of International Standards, except as International Accounting Standard "12" (Income Tax) and the interpretation of Interpretation Committee "21" (tax) being associated with Zakat and income tax. As in accordane to the Saudi Central Bank Publication no. (381000074519), dated 14/0H (corresponding to 11/04/2017G) and the subsequent amendments regarding accounting for Zakat and income tax, the benefit of Zakat and income tax would be on a quarterly basis through shareholders' rights in retained profits.

Company audited financial statements for the fiscal year ending on December 31, 2019G and 2020G, are prepared according to (SRFI) applicable in Saudi Arabia and the other releases approved by (APCOS), upon instructions of Saudi Central Bank on 20/11/1440H (corresponding to 23/07/2019G) which provide for updates of the accounting policies of accounting treatment for Zakat and income tax. Company made retroactive adjustment in accordance with International Financial Report Standards..

All financial information in this section is presented in Saudi Riyals unless otherwise stated. Amounts and percentages are rounded to the nearest whole number. Accordingly, if the numbers mentioned in the tables are collected, their sum may not correspond to the totals mentioned in those tables. It is worth noting that all percentage, annual growth rate, profit margins and costs were calculated based on approximate figures in the table below.

Financial statements in this section are extracted without substantial changes from the audited financial statement for the fiscal years ending on December 31, 2018G, 2019G and 2020G, the explanations enclosed, the unaudited condensed financial statements for the nine-month period ending on September 30, 2021G, and the explanations enclosed. Figures of fiscal year ending on December 31, 2018G, as classified in the financial statement for the fiscal year ending on December 31, 2019G. also, Figures of fiscal year ending on December 31, 2019G, as classified in the financial statement for the fiscal year ending on December 31, 2020G.

This Section may include data of forward looking nature about the Company's future projections based on Executive Management's plans and current expectations for the Company's growth, results of operations, and financial condition. Therefore, they may entail risks and uncertainties. The Company's actual results could differ materially from those expressed or implied in such forward looking statements due to various factors and future events, including those discussed within this section and elsewhere in the Prospectus.

6.2 Directors' Declarations on Financial Statements

The Company's Board Members, to the best of their knowledge and belief, declare:

1. All substantive facts relating to the Company, its subsidiaries and its financial performance have been disclosed in this Prospectus, and that there is no information, documents or other facts that, if not omitted, the statements contained in this Prospectus will become misleading.
2. The financial information contained in this prospectus was extracted from the company's audited consolidated financial statements for the years ending on December 31, 2018G, 2019G and 2020G, in addition to the unaudited condensed financial statements for the nine-month period ending on September 30, 2021G, which have been included in a form consistent with the financial statements.

   Furthermore, these financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) amended by The Saudi Central Bank foe Al-Zakat calculating and income tax of 2018G and in conformity with International Financial Reporting Standards (IFRS) for the fiscal years 2019G and 2020G, and for the nine-month period ending on September 30, 2021G.
3. The Company has inflicted losses during the financial years ending on December 31, , 2019G and 2020G, the nine-month period ending on September 30, 2021G, and except for what was disclosed in this Prospectus, there was no material negative change in the financial and commercial position of the company during the three financial years immediately preceding the date of submitting an application for registration and offering of rights subject to this prospectus, in addition to the end of the period covered by the auditor's report until the Prospectus was approved.
4. Company has a working capital enough for twelve (12) months immediately following the date of issue this Prospectus.
5. The Company has no other loans or debts including overdrafts from bank accounts, and also they declare that there are no security obligations (including personal, unsecured, mortgaged or unsecured) commitments under acceptance, acceptance credit, lease purchase commitments, as disclosed in subsection.
6. that - to the best of their knowledge - there are no liens, rights, or any encumbrances or costs on the property of the Company as on the date of this Prospectus.
7. that no commissions, discounts, brokerage fees or non-cash compensation were granted by the Company to any of the members of the Board of Directors, suggested Board Members, senior executives, those who offer or put forward securities or experts who get those payments or benefits with regard to offer or issue securities during the three years immediately preceding the date of submitting an application for issuing the priority rights subject to this Prospectus.
8. Company doesn't not own any holdings, contractual securities or other assets whose value is subject to fluctuations or whose value is difficult to ascertain, which greatly affects the assessment of the financial position.
9. Company has no contingent liabilities, guarantees, or any significant fixed assets to be purchased or leased other than as disclosed in subsection (6.9.4) "Potential Obligations and Liabilities" in this section.

10. Company does not have any capital covered by an option right as of the date of this Prospectus.
11. Company is not aware of any seasonal or activity-related economic factors that may have an impact on the Company's business and financial position, except as disclosed in section (2) "Risk Factors" of this Prospectus.
12. Company has no information on any government, economic, financial, monetary, political policies or other factors that have substantially affected or may affect (directly or indirectly) the Company's operations except as disclosed in Section (2) "Risk Factors" of this Prospectus.
13. Company didn't issue any debt instruments, term loans, mortgages (secured or usecured, current or approved but unreleased).
14. There was no interruption in Company's business, which may has a significant impact on the financial position during the twelve (12) months immediately following the date of issue this Prospectus.
15. As to the date of this Prospectus, Company has no subsidiaries.

6.3 Basis of Preparation

Emphasis of matter

The unaudited condensed financial statements for the nine-months period ending on September 30, 2021G contain an emphasis of matter that mentions that the Company hasn't met the solvency margin requirements as at Septemper 30, 2021G, and that the deficiency in solvency margin indicates that a material uncertainty exists in connection to the Company's ability to continue as a going concern.

Company hasn't met the solvency margin requirements as required under the Implementing Regulations of the Cooperative Insurance Companies Control System ("Regulations") since March 31, 2021G, which further deteriorated during reports periods ending on June 30, 2021G and Sptember 30, 2021G.

Company has received a letter from Saudi Central Bank, dated June 25, 2021G, reports that Company solvency margin has deteriorated, and requires from the Company to provide corrective actions in accordance with Article 86 of Regulations. In response to Saudi Central Bank letter, company provided the planned corrective actions, and stated that it's expected that the solvency margin is consistent with Regulations by the fourth quarter of 2021G. the planned corrective actions suggested by Company involve, among other things, improving assets acceptance file, enhancement of distinguished payment guarantee plans, optimization of subscription policies and operations, extension of digital sales platforms, reducing general and administrative expenses due to the synergy caused by consolidation and improvement of claims management processes.

On September 13, 2021G, Saudi Central Bank issued another letter to the company claiming its compliance with solvency margin requirements within the specified period of time as defined under Article 86 of Regulations. Also, it is stated that failure to comply should results in a regulatory action in accordance with clause 2 (D) of Article 68 of regulations.

In response to that letter, company declared that in addition to the planned corrective actions, it prepared an action plan involving a proposed Capital increase through issuance of preliminary rights totaling 229.5 million Saudi Riyals. This proposed increase is to be accomplished during the second quarter of 2022G. as indicated above at a later date after the report date on October 19, 2021G. Board of directors agreed the aforementioned action plan and recommended capital increase to the shareholders through issuance of preliminary rights which is subject to the approval of relevant regulatory authorities and the shareholders as by the date of approving this preliminary summary financial information.

The Management has conducted an assessment for the going-concern assumption and has prepared preliminary summary financial information on the basis of the going-concern principle based on the Company approved action plans. Management believes that Company would be able to continue its business and meet its obligations within the next twelve months. Nevertheless, Management assessment is based on a number of assumptions including, but are not limited to, the positive outcome of the planned corrective measures, continuity of subscription licences and getting all required approvals from relevant regulatory authorities and the shareholders, as stated above. Consequently, these events and circumstances suggest that a material uncertainty exists in connection to the Company's ability to continue as a going concern.

Statement of compliance

The financial statements of the Company have been prepared in accordance with 'International Financial Reporting Standards (IFRS), and other standards and pronouncements issued by the Saudi Organization for Certified Public Accountants (SOCPA) ("Organization").

As required by Saudi Arabian insurance regulations, the Company maintains separate accounts for Insurance Operations and Shareholders' Operations and presents the financial statements accordingly. Revenues and expenses clearly attributable to either activity are recorded in the respective accounts. The basis of allocation of other revenue and expenses from joint operations is as determined by the management and Board of Directors.

As required under the Implementing Regulations of the Cooperative Insurance Companies Control System ("Regulations") issued by Saudi Central Bank and according to the rules of procedure in the Company, shareholders should receive 90% of annual surplus of insurance operations. Policyholders get the remaining 10%. Any shortfall resulting from the insurance operations shall be transferred entirely to shareholders operations.

Financial position statement, revenue and comprehensive income statements, and cash-flow of insurance operations and shareholders operations are presented as complementary financial information, in compliance with the requirements of guiding principles issued by Saudi Central Bank. Implementing regulations issued by Saudi Central Bank necessitate a clear separation between assets, requirements, income and expenses of insurance operations and shareholders operations. Accordingly, the aforementioned financial position statement, revenue and comprehensive income statements, and cash-flow of insurance operations and shareholders operations reflect only assets, requirements, income, expenses and comprehensive gains or losses of operations concerned.

When preparing these financial statements in accordance with the international financial report standards adopted in Saudi Arabia, holdings and transactions of insurance operations are consolidated with those of shareholders operations. Interrelated holdings and transactions and unfulfilled gains or losses, if any, are to be omitted completely during consolidation. Approved accounting policies of insurance operations and shareholders operations are standard for similar transactions and events in similar circumstances.

Basis of measurement:

The financial statements of the Company have been prepared based on the principle of continuity and principle of historical cost, except as explained in the significant accounting policies below.

Basis of presentation

Financial position statement isn't to be presented using current/ non-current classification. Next holdings are classified –at large- as current: cash, cash equivalents, short-term deposits, insurance premiums and indebted reinsurance –net and indebted insurance premiums –related parties- net and due from parties related to the net and prepaid expenses and other assets, return of commissions due from the regular deposit, payables, other receivables and requirements, debentures, zakat and income tax, credit surplus, outstanding commission income to Saudi Central Bank, share of reinsurers of current claims, unreported incurred claims, reserves of additional insurance premiums, other functional reserves, and share of reinsurers of unreported incurred claims. Next holdings are classified –at large- as non-current: investments, long-term deposits, property and equipment, right-of-use assets, intangible assets, regular deposit and employees benefit obligations. Mixed balances involve, by nature, current and non-current parts of share of

reinsurers of unearned premiums, costs of holding insurance policies, unearned insurance premiums, commission of unearned reinsurance and liabilities of lease contracts.

Functional and presentation currency

The functional and presentational currency of the Company is Saudi Arabian Riyals. It is the functional and presentation currency.

Seasonal operations:

There're no considerable seasonal variations affecting Company insurance business.

6.4 Important Accounting Policies

The accounting policies, estimates and assumptions used to prepare the financial statements conform with all presented years, except for approving some new standards, interpretations and modifications to the current standards as set out below, which are applicable to the period commencing as of or after January 01, 2020G:

6.4.1 New and Amended International Standards Approved by the Company

The Company applied the following standards and amendments for the first time during the reporting period, which commenced on January 01, 2020G:

Amendments to the International Financial Reporting Standard (IFRS) 16 "Leases" - COVID-19-Related Rent Concessions

This amendment was issued to demonstrate the accounting transactions for the rent concessions that were granted to the establishments due to the Coronavirus COVID-19. These incentives may take diverse forms, such as delaying the payment of rents. The amendment provides an optional process for the lessees to evaluate whether or not the COVID-19-Related Rent Concessions are considered amendment to leases. Lessees can choose to calculate rent concessions in the same manner, which they would be charged if there was no amendment to the leases. This will result in calculating rent concessions as changing rent payments in the period where the event or condition that led to the decreased payment occurred.

Amendments to International Accounting Standard (IAS) 1 Presentation of Financial Statements and International Accounting Standard (IAS) 8 Definition of Materiality

The amendment refers to the obscuration of information that addresses situations where the effect is similar to omitting or misstating this information. It also states that the establishment shall evaluate materiality in the context of financial statements as a whole. This amendment also explains the meaning of primary users of financial statements for general purpose "to whom these financial statements are directed", by defining them as current and potential investors, lenders and other creditors "they must rely on the financial statements for general purposes for many financial information that they need. The amendments demonstrate the definition of materiality and gives the International Financial Accounting Standards (IFAS) more coherence.

The application of the said amendments had no material effect on the attached financial data.

International Financial Reporting Standard (IFRS) 3 Business Combinations - Definition of a Business

The limits of defining "outputs" were increased to focus on the commodities and services provided to clients, and to generate investment income and other revenues. Earnings are excluded as deceased costs and other economic interests. It is also unnecessary to evaluate whether or not the participants in the market are capable of replacing the missing elements or combine business and acquired assets.

6.4.2 New Standards, Amendments and Interpretations unapproved by the Company

The Company chose to not apply the following new standards, amendments and interpretations early to the current standards, which were issued but inapplicable to date, and it evaluates their effect in the meantime. Here is a summary of the new International Financial Reporting Standards (IFRSs),

and interpretations and amendments to the current International Financial Reporting Standards (IFRSs), which shall enter into effect for the annual periods that starts on or after January 01, 2020G:

International Financial Reporting Standard (IFRS) 17 (Insurance Contracts)

Overview

This Standard was published in May, 2017G and it defines the principles of recognizing the measurement, presentation and disclosure of insurance contracts. It also replaces the International Financial Reporting Standard (IFRS) 4 - Insurance Contracts.

The new Standard applies to issued insurance contracts and to all reinsurance contracts and investment contracts with discretionary participation features provided insurance contracts shall also be issued by the entity. It requires separating the following components from insurance contracts:

- ✓ Embedded derivatives if they meet certain standards.
- ✓ Distinct investment components.
- ✓ Any obligation to transfer certain commodities or uninsured services.

These components must be calculated separately according to the relevant standards (International Financial Reporting Standard (IFRS) 9 and International Financial Reporting Standard (IFRS) 15).

Measurement

Unlike the requirements set out in the International Financial Reporting standard (IFRS) 4, which allowed insurers to continue using the accounting policies for measurement purposes that existed before January, 2015G, International Financial Reporting standard (IFRS) 17 provides the following different measurement models:

General Measurement Model:

The General Measurement Model relies on the following "Building Blocks":

a) Fulfillment cash flows, which include:

- -probability-weighted estimate of future cash flows;
- -amendment to reflect the time value of money (i.e., deduction) and financial risks related to these future cash flows; and
- Amending risks to non-financial risks.

b) Contractual Service Margin (CSM) accounts for the unearned profit for a group of insurance contracts, which shall be recognized as an entity that provides services in the future. The Contractual Service Margin (CSM) cannot be negative at its start, and any negative amount shall be recorded net of the cash flows to fulfil in the profit or loss at the start immediately.

At the end of each following reporting period, the book value of a group of insurance contracts shall be remeasured as:

- Liability for Remaining Coverage (LRC), which shall include fulfilment of cash flows in relation to future services and Contractual Service Margin (CSM) for a group of insurance contracts on that date; and
- Liability for Incurred Claims (LIC), which are measured as fulfilled cash flows in relation to previous services that were distributed among the group of insurance contracts on that date.

The Contractual Service Margin (CSM) shall be amended thereafter to changes in cash flows regarding the future services, but the Contractual Service Margin (CSM) cannot be negative. Changes in future cash flows more than the remainder in the Contractual Service Margin (CSM) in profit or loss shall be recognized.

The changes in deduction rates, whether in profit or loss, or other comprehensive income, which shall be set by choosing the accounting policies, shall be reported.

The interest shall also be increased over the Contractual Service Margin (CSM) with controlled prices upon initial recognition of the contract (for example: deduction rate used at the beginning to identify the current value of estimated cash flows). Furthermore, the Contractual Service Margin (CSM) shall be added to the profit or loss based on the coverage units, thus reflecting the amount of provided interests and expected coverage period for contracts remaining in the group.

Variable Fee Approach

A mandatory approach to measure investment contracts with direct participation features (also referred to as "direct participation contracts"). This evaluation is made to find out whether or not the contract meets these standards at the beginning of the contract, and they shall not be re-evaluated thereafter. For these contracts, the Contractual Service Margin (CSM) shall be amended in addition to the amendment within the General Model to include:

1) changes in the establishment's share of the fair value of primary items; and

2) changes in time value's effect on money and financial risks unrelated to primary items.

Premium Allocation Approach (PAA)

The Premium Allocation Approach (PAA) is usable to measure Liability for Remaining Coverage (LRC) if the Approach provides a means of measurement materially indifferent from the General Model for the group of contracts or the coverage period for each contract in the group of insurance contracts was one year or less. Accordingly, the Liability for Remaining Coverage (LRC) shall adapt with premiums received at the initial recognition less than the cash flows earned from insurance. The General Model shall remain applicable to measure the Incurred Claims. However, the establishment does not have to amend the future cash flows for the time value of money and effect of financial risks if the expected cash shall be paid/received in one year or less as of the incurred claims.

Validity Date

January 01, 2023G is the current date when International Financial Reporting Standard (IFRS) 17 entered into effect and the temporary exemption from International Financial Reporting Standard (IFRS) 9 in International Financial Reporting Standard (IFRS) 4 was deferred. This deferment, in comparison to the previous date, i.e., January 01, 2021G, is allowed by early application in case of applying International Financial Reporting Standard (IFRS) 15 – Revenues from Contracts with Customers and International Financial Reporting Standard (IFRS) 9 – Financial Instruments. The Company intends to apply the Standard on the date, on which it enters into effect.

Transformation

The Standard shall be applied retroactively. However, if the retroactive application of the group of insurance contracts was ineffective, the establishment shall then choose the retroactively amended application approach or fair value approach.

Presentation and Disclosure

The Company is expecting that this new Standard shall produce changes in the accounting policies for insurance and reinsurance contracts with amendments to presentation and disclosures.

Effect

The Company is currently in the process of applying International Financial Reporting Standard (IFRS) 17, which requires developing and designing new processes and procedures for business, including any development of the laws required according to International Financial Reporting Standard (IFRS) 17 and detailed evaluation of work requirements. Here are the main fields under the process of designing as well as the work progress achieved by the Company to date:

Table No. (25): Main fields under the process of designing and work progress achieved by the Company to the date

Field of effect	Summary of effect
Scope of Governance and Control	The Company developed a comprehensive governance program to apply International Financial Reporting Standard (IFRS) 17, which includes the formation of a supervisory committee to follow up and monitor the progress achieved in the implementation and distribution of roles and responsibilities among different stakeholders.
Field of Operations	The Company is making progress in designing the operational aspects for the designing process, which includes the introduction of comprehensive data policy and data dictionary. The Company is also putting the finishing touches to the technical designs for the different by-laws. The Company achieved progress in evaluating work requirements and it is now choosing sellers while completing the different operations required for transition and evaluating the required new resources.
Technical and Financial Field	The Company completed establishing different policies that include several technical and financial matters after completing the required policy decisions under International Financial Reporting Standard (IFRS) 17. Policies-related decisions shall be taken after conducting the required deliberations between different stakeholders. It has currently been agreed on the majority of policy documents by the supervisory committee of International Financial Reporting Standard (IFRS) 17 Project, which reports to the Company.
Confirmation Plan	The Company is working with other stakeholders to put the finishing touches to the confirmation plan for the transitional periods and after implementation.
Effect of Operations	The Company is currently being evaluated for the operational effect of the application of International Financial Reporting Standard (IFRS) 17. Due to fact that the majority of Company's contract shall be measured according to Premium Allocation Approach (PAA), it is expected that the operational effect shall be moderate. Should very few contracts fail to pass the eligibility test for Premium Allocation Approach (PAA), it is then expected that the operational effect shall be high.
Effect on Reinsurance Arrangements	Reinsurance contracts maintained by the Company shall be reviewed and evaluated to define the applicable measurement model according to International Financial Reporting Standard (IFRS) 17.
Effect on Policies and Scope of Control Definitions	The Company appointed an external consultant to amend its current policies and scope of control in conformity with the requirements of International Financial Reporting Standard (IFRS) 17.

Source: Audited financial statements for the financial year ended on December 31, 2020G

International Financial Reporting Standard (IFRS) 9 "Financial Instruments"

This Standard was published on July 24, 2014G and replaced International Accounting Standard (IAS) 39. The new Standard addresses the following financial instruments-related items:

a) Classification and Measurement

International Financial Reporting Standard (IFRS) 9 uses one model to determine whether the financial asset is measured by amortized cost or fair value through other comprehensive income or fair value through profit or loss. The financial asset is measured by amortized cost if:

- ✓ the financial asset is maintained within the work model, which purpose is to maintain the financial assets to collect contractual cash flows; and
- ✓ these contractual terms of the financial asset produce, on certain dates, cash flows that are only considered payments from the original amount and interest on the outstanding original amount.

The financial asset is measured by fair value through other comprehensive income. Profits or losses realized through profit or loss upon sale shall be reused if the two following conditions are met:

- ✓ the financial asset is maintained within the work model, which purpose is to maintain the financial assets to collect contractual cash flows and for sale; and
- ✓ the contractual terms of cash flows are payments for original debt and interest only on the due original amount.

The assets, which do not fulfil any of these categories, shall be measured by fair value through profit or loss. Additionally, the establishment can, upon initial recognition, select the option to allocate a financial asset with fair value through profit or loss if this cancels or significantly reduces accounting mismatch.

As for equity instruments unmaintained for trading, the establishment can also select an irrevocable option to present the following changes in other comprehensive income in the fair value of instruments (including realized profits and losses). Profit distribution shall be recognized in profit or loss.

Additionally, as for the financial liabilities defined in fair value through profit or loss, the extent of change in the fair value of financial liability, which is attributed to the changes in the relevant credit risks, is recognized in the other comprehensive income unless the recognition is resulted from the effects of changes in credit risks for the liability in the other comprehensive income, which would create or expand the accounting mismatch in the profit or loss.

b) Impairment

According to International Financial Reporting Standard (IFRS) 9, the Impairment Model reflected the expected credit losses as if they were used, According to International Accounting Standard (IAS) 39, as incurred credit losses according to the According to International Financial Reporting Standard (IFRS) 9 approach. It is unnecessary for a credit event to occur prior to the recognition of credit losses, instead the establishment always calculates the expected credit losses and changes in these expected credit losses. The amount of expected credit losses is updated on the date of each reporting period to reflect the changes in credit risks since initial recognition.

c) Hedging Accounting

International Financial Reporting Standard (IFRS) 9 presents new requirements for Hedging Accounting to conform more closely with the risk management. The requirements establish an approach based on the General Model's principles for Hedging Accounting. The amendments apply to the whole Hedging Accounting, except for fair value hedging for interest rate risks (usually referred to as "Full Fair Value Hedging"). In relation to the Fair Value Hedging, the establishment may currently continue applying the Hedging Accounting's requirement as in International Accounting Standard (IAS) 39. This exception was used significantly as the International Accounting Standards Board (IASB) is currently addressing the Hedging Accounting as a separate project.

Validity Date

January 01, 2018G was the validity date for the International Financial Reporting Standard (IFRS) 9. However, the amendments to the International Financial Reporting Standard (IFRS) 4 – Insurance Contracts: application of the International Financial Reporting Standard (IFRS) 9 with International Financial Reporting Standard (IFRS) 4 – Insurance Contracts ("International Financial Reporting Standard (IFRS) 4"), which issued on September 12, 2016G, allow the establishments that conclude insurance contracts within the scope of International Financial Reporting Standard (IFRS) 4 to mitigate some of the application effects of the International Financial Reporting Standard (IFRS) 9 before the International Financial Reporting Standard (IFRS) 17 – Insurance Contracts, which is issued by the International Accounting Standards Board (IASB), enters into effect. The amendments offer two alternative options as follows:

a. Application of temporary exemption from the application of International Financial Reporting Standard (IFRS) 9 up to:

- ✓ the validity date of new insurance standard; or
- ✓ the annual financial reporting periods that commence on or after January 01, 2023G after this date. Additional disclosures related to the financial assets required in the extension period. This option is available only for the establishments, which business is permanently associated with insurance, and failed to previously apply the International Financial Reporting Standard (IFRS) 9; or

b. Application of the International Financial Reporting Standard (IFRS) 9. As for certain financial assets, the effects of some accounting mismatch cases, which appear prior to the application of new insurance contract standard, shall be excluded from profit or loss. During the preliminary period, additional disclosures are required to be made.

The Company carried out a detailed evaluation at the beginning of January 01, 2019G of:

- comparison between the book value of the Company's liabilities arising from the contracts within the scope of the International Financial Reporting Standard (IFRS) 4 (including deposit components or implicit derivative unrelated to insurance contracts) and the total book value of all liabilities; and
- comparison between the total liabilities of the Company's book value associated with insurance and the total book value of total liabilities as on April 01, 2016G. Based on these evaluations, the Company was able to determine the same to be eligible for temporary exemption. Consequently, the Company decided to defer the application of the International Financial Reporting Standard (IFRS) 9 up to the date, on which the Insurance Contract Standard 17 enters into effect. The required disclosures in relation to the financial assets during the deferment period are listed in the Company's financial statements.

Evaluation of Effect

As on December 31, 2020G, the Company has a total financial assets and insurance contracts-related assets at 971.4 million Saudi Riyals and 334.1 million Saudi Riyals, respectively. In the meantime, the financial assets maintained by the amortized cost are composed of cash and cash equivalent, deposits, premiums and net debit reinsurance balances, net debit insurance premiums of related parties, reinsurers' share from outstanding claims, investments maintained up to due date, and other accounts receivable amounting 644.2 million Saudi Riyals (2019G: 480.2 million Saudi Riyals)

The other financial assets are composed of available-for-sale investments at 224 million Saudi Riyals (2019G: 138.8 million Saudi Riyals) with a net increase in the fair value during the year at 3.5 million Saudi Riyals (2019G: net increase at 8.3 million Saudi Riyals). The Company expects using the fair value classification through other comprehensive income for these financial assets based on the Company's work model in relation to the debentures and strategic investments in shares. However, the Company did not make any detailed evaluation to determine whether or not the debentures fulfil the original payment and interest test as required according to the International Financial Reporting Standard (IFRS) 9.

The Company's management expects to classify the investment in funds classified in the available-for-sale investments, which shall be listed in fair value through profit or loss according to the International Financial Reporting Standard (IFRS) 9.

The Company's financial assets have low credit risks on December 31, 2020G and 2019G. The foregoing relies on the evaluation of high-level effect of the International Financial Reporting Standard (IFRS) 9. This preliminary evaluation relies on the currently available information, which might be subject to changes arising from more details and reasonable, supporting and additional analysis and information available to the Company in the future. Generally, the Company expects some effect in the application of impairment requirements in the International Financial Reporting Standard (IFRS) 9. However, the effect of impairment requirements in the International Financial Reporting Standard (IFRS) 9 is unexpected to be significant. In the meantime, no reasonable estimate can be given for the effect of applying the International Financial Reporting Standard (IFRS) 9 as the Company did not conduct a separate audit yet.

The Company is considered qualified and it chose to apply the deferment approach under the amendments to the International Financial Reporting Standard (IFRS) 4. The great reliance of the International Financial Reporting Standard (IFRS) 9 on the Company's financial information must take into consideration the interaction with the future insurance contracts. A full evaluation, as such, of the application's effect of the International Financial Reporting Standard (IFRS) 9 cannot be carried out.

6.4.3 Insurance Contracts

Insurance Contracts are those contracts where the (insurer) assumes significant credit risks from another party (policyholders) by accepting to compensate the policyholders in case of unconfirmed certain future event that affects negatively on the policyholder. As a general guiding principle, the Company determines whether or not it faces significant credit risks by comparing the paid advantages and benefits with the due advantages and benefits in case the insured event did not occur.

6.4.4 Recognition of Revenues

Recognition of Premium Revenues and Reinsurance Commissions

Premiums and commissions shall be entered in the statement of income according to the terms of related policies on a pro rata basis. Part of the premiums, reinsurance share of the premiums and reinsurance commissions earned in the future shall be recognized as unearned premiums and reinsurance portion of the unearned premiums and reinsurance commissions, respectively. They shall be deferred as follows:

- The last three-month premiums on the reporting date shall be considered unearned in relation to maritime transport.
- Pre-defined calculation for engineering insurance against risks that extend till after one year. According to this calculation, less premiums are procured in the first year, which increase gradually at the end of the insurance policy's period.
- Actual number of days for other work sectors.
- Unearned premiums represent part of the subscribed premiums related to the unended year for coverage. The change in unearned premium provision is charged to the statement of income in the same arrangement, in which the revenues are recognized over the risk year.

Revenues from Commissions and Dividends and other Revenues

The revenues from commissions on short-term and long-term deposits are recognized on a timely proportion using the actual interest rate. They are disclosed in the revenues from investment and commissions in the statement of income. The revenues from dividends are recognized when the entitlement to dividends is availed. Revenues of third parties' port funds for insurance, umrah funds for medical products and accident insurance funds are recognized as other revenues on basis of quarter financial statements issued by the director of funds, i.e., an insurance cooperative company.

6.4.5 Claims

The claims are composed of amounts due to policyholders and other parties as well as related-loss settlement costs after deducting the recovery process and other processes. They are charged to the changes in outstanding claims in the statement of income when incurred.

The total outstanding claims include the total cost estimated for incurred but not settled claims on the reporting date with the related-claim processing costs, whether or not reported by the insured. Provisions are created for the reported claims but unpaid as on the reporting date on basis of individual case evaluations. Additionally, a provision is maintained based on the management's discretion and Company's past experience to cover the settlement cost of incurred but not reported claims, including the processing costs of related claims on the reporting date. Final liability may increase or decrease for the paid amount.

Claims under settlement are presented on a total basis and the related portion from reinsurers is presented separately. Furthermore, the Company does not deduct its liabilities related to unpaid claims as it is expected that all claims shall be paid in one year as of the reporting date.

6.4.6 Salvage and Subrogation Reimbursement

Some insurance contracts allow the Company to sell (usually damaged) assets acquired in settling a claim (for example, salvage). The Company may also have the right to pursue third parties for payment of some or all costs (for example, subrogation).

Estimates of salvage recoveries are included as an allowance in the measurement of the outstanding claims liability. The allowance is the amount that can reasonably be recovered from the disposal of the asset.

Subrogation reimbursements are also considered as an allowance in the measurement of the outstanding claims liability. The allowance is the assessment of the amount that can be recovered from the other creditor party.

6.4.7 Reinsurance Contracts

The Company's reinsurance program is affected through the proportionate and non-proportionate positions and available options based on the Company's net maintenance policy, limits of commitments, and nature and volume of risks. The Company assigns the insurance risks in the normal course of business regarding all of its products. Reinsurance assets account for the outstanding balances from reinsurers. The recoverable amounts are estimated in a manner agreeing with the outstanding claims provision and according with reinsurance contracts.

Impairment is reviewed on the reporting date or more frequently when an indication of impairment arises in the report-covered year. An impairment occurs at the existence of objective evidence that the Company is not recovering the outstanding amounts under the contract terms and when the effect on the amounts to be received by the Company from reinsurers can be measured reliably. Impairment loss is entered in the statement of income when incurred.

Supported reinsurance arrangements do not exempt the Company from its obligations against policyholders. Premiums and claims for loaned reinsurance are recognized as revenues and expenses in the same manner as if reinsurance is considered a direct trade business, taking into consideration the classification of Company's reinsured products. Reinsurance liabilities account for the outstanding balances for reinsurers. Due amounts are determined in a manner according with the relevant reinsurance contract.

The reinsurance assets or liabilities are derecognized when the contractual rights are abolished or expire, or when the contract is transferred to another party.

Recovered claims due from reinsurers are recognized as an asset at the same time when the claims that trigger the right to recovery is also recognized, and it is measured by the amount expected to be recovered.

6.4.8 Liability Adequacy Test

At the date of each financial statement, the Company evaluates whether or not the recognized insurance liabilities were adequate by using the current estimates of future cash flows under its insurance contracts. If such evaluation proven that the book value of its insurance liabilities (less the relevant deferred policy acquisition costs) was inadequate in light of the estimated future cash flows, the whole deficit shall be immediately recognized in the statement of income and a provision shall be formed for the unexpired risks.

6.4.9 Insurance Contract Liabilities

Insurance contract liabilities include the outstanding claims and incurred but not reported claims provision, and a provision for unearned premiums and additional premium reserve (including premium deficit reserve) as well as other technical reserves. The outstanding claims and incurred but not reported claims provision relies on the final estimate cost for all incurred but not settled claims at the reporting date, whether reported or not, besides the processing costs of related claims and expected impairment of salvage and other recovered amounts. There may be delay in the notice and settlement of certain types of claims; hence, the final cost of these claims cannot be certainly identified on the reporting date. The liability is calculated at the reporting date using a group of application techniques of the standard actuarial claim based on the experimental data and current assumptions. The liability for time value of money is not deducted. Liabilities are recognized when the liability is met upon payment of claim, being discharged or canceled.

Provision for unearned premium accounts for that portion of received or due premiums related to unexpired risks on the reporting date. This approval is recognized upon the conclusion of contracts and charging of premiums, they are calculated as distinctive revenues over the period of contract according to the type of insurance service provided under the contract. On each reporting date, the Company reviews the unexpired risks and a liability adequacy test takes place to determine whether or not there was any general increase in the expected claims and deferred policy acquisition costs over the unearned premiums. This calculation uses the current estimates of future contractual cash flows after considering the investment revenue expected to grow on the assets related to the relevant insurance technical terms. Should such estimates prove that the book value of unearned premiums (less the relevant deferred policy acquisition costs) is inadequate, the deficit shall then be recognized in the statement of income by creating a premium deficit provision. The other technical reserve includes reserve for unallocated loss settlement expenses and reserve for proportionate and disproportionate reinsurance dues. A reserve for unallocated loss settlement expenses shall be formed by the end of each reporting period, which shall account for the estimated cost of claim processing to be assumed by the Company at the time of claim payment. Reinsurance dues reserve (proportionate and disproportionate) shall be calculated as an amount of reinsurance premiums, reinsurance commissions or any loss participations that were fully undue.

6.4.10 Deferred Insurance Policy Subscription Costs

Commissions and other costs related directly to the purchase and renewal of insurance contracts based on the relevant insurance contract terms are deferred and amortized similar to the earned premiums. All other acquisition costs are recognized as expenses when incurred. Depreciation is entered in "Insurance Policy Acquisition Costs" in the statement of income.

Changes in expected useful life or expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortization year, and they are adjusted as change in the accounting estimate.

An impairment review is performed at each reporting date or more frequently when an indication of impairment arises. If the assumptions related to the future profitability of insurance policies are unrealized, the amortization of these costs can be accelerated. This might also require additional impairment write-offs in the statement of income. The deferred policy acquisition costs are considered in the liability adequacy test at each reporting date.

6.4.11 Debit Reinsurance Premiums and Balances

Debt reinsurance premiums and balances are calculated when due and measured upon initial recognition in fair value of the received or due consideration. They are also entered in the total value less any uncollectible amounts. The book value of the debt reinsurance premiums and balances are reviewed to check the impairment. When the events or circumstances indicate that the fair value might be uncollectible, the impairment loss is then entered in the statement of income. The debt reinsurance premiums and balances are derecognized upon fulfilment of derecognition standards by financial assets.

6.4.12 Investments

Loans and Accounts Receivable

Loans and accounts receivable are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market other those the Company intends to sell on the short run or those determined as available-for-sale investments. Accounts receivable arising from insurance contracts are also classified in this category and reviewed to determine the impairment as part of the loan and debt impairment review.

Available-for-Sale Investments

Available-for-sale investments are investments unmaintained up to maturity or maintained for trading. Investments classified as "available-for-sale" are later measured in fair value. For available-for-sale investments where no hedging is employed against fair value, any unrealized profit or loss resulting from change in fair value shall be recognized directly in the statement of comprehensive income until the investment is canceled or impaired at the time where the pre-recognized accumulated profit or loss must be listed in the statement of comprehensive income in the statement of income of the year. Available-for-sale investments, which fair value cannot be reliably measured, are listed in amortized cost less than the impairment provision.

Investments Held till Maturity

Investments that have fixed or determinable payments, which the Company has the positive intention and ability to hold till maturity, are classified in this category and are subsequently measured at amortized cost less the impairment provision. Amortized cost is calculated by considering any discount or premium on acquisition. Any profit or loss on such investments is recognized in the statement of income when the investment is derecognized or impaired.

Financial Assets in Fair Value through Profit or Loss

Financial assets in fair value through profit or loss are investments purchased for resale on the short run and classified as trade investments. These investments are measured and listed in fair value. The unrealized profits and losses are listed in the statement of income.

6.4.13 Recognition, Measurement and Derecognition

The purchase and sale of available-for-sale investments are recognized at the trading date, i.e., the date on which the Company must purchase or sell the investment. Available-for-sale investments are initially recognized in fair value plus the processing costs attributed directly to its acquisition, they are later listed in fair value.

Financial assets are measured in fair value through profit or loss and listed in fair value. The unrealized profits and losses are listed in the statement of income.

Changes in fair value for available-for-sale investments are recognized in the statement of comprehensive income.

Loans, accounts receivable and investments held till maturity are listed in amortized cost less the impairment provision.

Amortized cost is calculated by considering any discount or premium on acquisition. Any profit or loss on such investments is entered in the statement of income when the investment is derecognized or impaired.

Financial assets are derecognized when the rights to receive cash flows from these assets expire or are assigned. The Company transferred all risks and equity-related earnings significantly.

When the available-for-sale investments are sold or impaired, the accumulated fair value adjustments, which are recognized in equity, are entered in the statement of income as "profits and losses from available-for-sale investments". Commission earnings and investments on available-for-sale investments, calculated using the actual interest rate approach, are recognized in the statement of income.

6.4.14 Offset

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position only when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liability simultaneously. Income and expense are not offset in the statement of income unless required or permitted by any accounting standard or interpretation.

6.4.15 Trade Date Accounting

All regular way purchases and sales of financial assets are recognized / derecognized on the trade date (i.e., the date that the Company commits to purchase or sell the assets). Regular way purchases or sales of financial assets are transactions that require settlement of assets within the time frame generally established by regulations or convention in the marketplace.

6.4.16 Determination of Fair Values

The fair values of investments listed in active markets are based on current bid prices. In the absence of active market for the financial asset, the fair value is determined using evaluation methods. This includes usage of recent trade transactions, analysis of deducted cash flows, and other evaluation means used by participants in the market. Dividends on available-for-sale investments are listed in the statement of income when the Company's right to receive payments is recognized.

6.4.17 Impairment of Financial Assets

At each reporting date, the Company performs an assessment to determine whether there is objective evidence that a financial asset or group of financial assets may be impaired. An impairment exists when there is more than one event that took place since the initial recognition of the asset ("loss event" occurred) and had affected the future cash flows estimated for the financial asset or group of financial assets, which could be relied on and evaluated satisfactorily.

Evidence on impairment may include:

- Significant financial difficulty for the source or debtor;
- Breach of contract, such as default or delay of payment;
- It becomes possible that the issuer or debtor will become bankrupt or undergo any other financial reorganization.
- The disappearance of an active market for these financial assets due to financial difficulties.
- Notable data referring to a measurable reduction in future cash flows estimated from a group of financial assets since the initial recognition of these assets, although the deficit with individual financial assets in the Company cannot be determined yet, including:

- Negative changes in case of payment to issuers or debtors in the Company; or
- National or domestic economic conditions in the country of exporters that are linked to default in assets.

If there is objective evidence of an impairment in financial assets, the impairment is determined as follows:

- For assets listed at fair value, the impairment represents a material or long-term decline in the fair value of financial assets.
- For assets listed at amortized cost, the impairment is based on estimated future cash flows that are discounted at the original actual commission rate.

For available-for-sale financial assets, the Company evaluates, on each reporting date, whether there is objective evidence that an investment or group of investments has been impaired.

In the case of debt instruments classified as available for sale, the Company individually evaluates whether there is objective evidence of impairment. Objective evidence may include indications that the borrower is experiencing significant financial difficulties, default or delay in the income of a special commission or capital payments, the likelihood of bankruptcy or other financial reorganization, and where the data that can be observed indicate a significant decrease in the estimation of future cash flows, such as changes in economic conditions associated with default. However, the amount recorded for impairment represents the accumulated loss measured as the difference between the amortized cost and the current fair value, minus any impairment loss for this previously recognized investment in the statement of income. If the fair value of the debt instrument increases in a later period and the increase can be objectively linked to a credit event after the recognition of an impairment loss in the statement of income, the impairment loss is reflected in the statement of income.

For investments in shares held as available for sale, a material or long-term decrease in the fair value of less than their cost represents objective evidence of impairment. Determining a material or long-term impairment requires the use of judgment. Impairment loss cannot be reflected in the statement of income as long as the asset continues to be recognized, i.e., any increase in fair value after recording the impairment can be recognized only in the other comprehensive income. When excluded, any previously recognized accumulated profit or loss is included in the other comprehensive income in the statement of income in "realized profit/(loss)" on available-for-sale investments.

Upon making this evaluation to find out whether or not the investment in the debt instrument is impaired, the Company considers factors such as the market's valuation of credit worthiness as described in bond yields, rating agencies' assessment of credit worthiness, the state's ability to access capital markets to issue new debts and the potential for debt restructuring, which may result in debt holders suffering losses through voluntary or mandatory debt forgiveness. The amount recorded for impairment represents the accumulated loss measured as the difference between the amortized cost and the current fair value, minus any impairment loss for this previously recognized investment in the statement of income.

6.4.18 Financial Liabilities

All financial liabilities are recognized when the Company becomes a party to the instrument's contractual provisions. Financial liabilities are initially recognized at fair value, minus any direct transaction cost. After initial recognition, they are measured at amortized cost using the actual commission rate approach.

Financial liability is derecognized when the obligation is absolved, deleted or expires. When an outstanding financial obligation is replaced with another borrower by the same lender under significantly different terms or when the current obligation terms are materially amended, such replacement or amendment is treated as deletion of the original obligation and recognition of new obligation. Difference in respected book value shall be listed in the statement of income.

6.4.19 Impairment in Non-Financial Assets

At each reporting date, the Company conducts an evaluation to see if there is any indication that the value of a financial asset may be impaired. If there is such indication, or if an annual impairment test is required, the Company estimates the value of the recoverable asset. The value of a recoverable asset is the fair value of the cash-producing asset or unit after deducting the sale costs or the value at the time of use, whichever is higher, and is determined for the asset separately, unless the asset provides cash flows significantly independent of other assets or groups. When the book value of an asset or cash-producing unit exceeds its recoverable value, the asset is considered to be impaired and is reduced to its recoverable value.

To assess the value used, future estimated cash flows are deducted to their current value using a pre-tax discount rate that reflects current market valuations of the time value of money and risks associated with the asset. When determining fair value after deducting sale costs, recent market transactions are taken into consideration. In case of failure to specify such transactions, an appropriate evaluation model is used. This model is supported by multiple valuations and listed share prices for publicly listed companies or for other indicators available for the fair value.

The Company calculates the impairment on the basis of detailed balance sheets and projected accounts that are prepared separately for each cash-producing unit for which the Company has allocated individual assets. In general, these balance sheets and projected accounts cover a period of five years. For longer periods, the long-term growth rate is calculated and applied to future project cash flows after the fifth year. Impairment losses are listed in the statement of income.

6.4.20 Dividends

Dividends among Company's shareholders are recognized as obligation in the Company's financial statements in the year, in which the dividends are approved by the Company's shareholders.

6.4.21 Cash and Cash Equivalent

Cash and cash equivalent include cash in hand, balances at banks, including other short-term high liquid investments due in less than three months as of the acquisition.

6.4.22 Foreign Currencies

Transactions in foreign currencies are recorded in Saudi Riyals at the exchange rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated to Saudi Riyals at the exchange rate prevailing at the reporting date. All differences are taken to the statements of income. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction and are not subsequently remeasured. Foreign exchange profits or losses on available-for-sale investments are listed in the statement of income. As the Company's foreign currency transactions are primarily in US Dollars, foreign exchange profits and losses are immaterial.

6.4.23 Operational Sectors

The sector is a vital component of the Company, which provides products or services (business sector). It is subject to risks and awards different from those pertaining to other sectors. For management purposes, the Company is organized in business units based on its products and services. The sector's performance shall be evaluated based on the profit or loss that is, in some respects, measured differently from the profit or loss in financial statements.

As for transactions between sectors, the transformation rates are determined between business sectors on a similar commercial basis resembling the transactions with third parties.

Shareholders' operations are a non-operating segment. Income earned from time deposits and investments is the only revenue generating activity. Certain direct operating expenses and other overhead expenses are allocated to this segment on an appropriate basis.

The operational sectors are reported in a manner consistent with internal reports submitted to the main operational decision maker. The chief operational decision-maker, responsible for allocating resources and evaluating the performance of operational sectors, has been identified as the executive director making strategic decisions.

For management purposes, the Company is organized into business units based on its products and services and has the following sectors:

- Medical;
- Vehicle;
- Properties and accidents (sectors related to properties, maritime, engineering and general accidents); and
- Protection and preservation (no sales were recorded in this operational sector in 2018G, 2019G, 2020G, and the nine months ended on September 30, 2021G).

6.4.24 Short-Term and Long-Term Deposits

Short-term deposits are deposited in banks and local financial institutions with an original maturity over three months but less or equals twelve months as of depositing.

Long-term deposits are deposits due in more than a year as of depositing. They are deposited in a financial institution to keep commission earnings.

6.4.25 Property and Equipment

Property and equipment are recognized at cost minus accumulated depreciation and any impairment loss. Subsequent costs are included in the book value of the asset or are recorded as a separate asset, as appropriate, only when the future economic benefits associated with the item are likely to flow to the Company and the cost of the item can be reliably measured. All other repair and maintenance expenses are charged to the statement of income during the financial year they incur in.

The remaining values and their useful life are reviewed on each reporting date and adjusted if appropriate. The book values of these assets are reviewed to determine the impairment when events or changes in circumstances indicate that the book value may not be recovered. If there is such indication and if the book values exceed the estimated recoverable value, the assets are reduced to their recoverable value.

Profits and losses of exclusions are determined by comparing returns with the book value and are included in the statement of income.

6.4.26 Intangible Assets and Goodwill

Intangible assets include software and they are measured at cost. Intangible assets of finite useful lives are amortized over their evaluated useful life according to the amortization pattern expected for economic benefits. Intangible assets with infinite useful life are not subject to amortization, but they are tested to determine the impairment at the date of each statement of financial position or more occasionally if there is an indication to an impairment. Intangible assets of finite useful life are reviewed to determine the impairment when the events or changes in circumstances indicate that the book value may be unrecoverable.

Goodwill created from acquisition of a company is presented as a separate item in the statement of financial position.

Goodwill created from acquisition of business is recognized at cost as at the date of acquisition. Goodwill is not amortized but tested for impairment annually or more frequently if the events or changes in circumstances refer to the possibility of being impaired. It is recognized at cost, minus the impairment losses.

For impairment test, the goodwill earned from business merger is allocated as of the merger to cash-generating units, which is expected to avail from the merger, representing the lowest level where the goodwill is monitored for internal management purposes. The cash-generating unit is tested for impairment, for which the goodwill is allocation annually or more frequently if the events or changes in circumstances refer to the possibility of being impaired. If the recoverable value of the cash-generating unit is less than its book value, the impairment loss is allocated first to decrease the book value to any goodwill allocated for the cash-generating unit, then to other assets for the cash-generating unit proportionately on basis of book value of each asset in the cash-generating unit.

Any impairment loss is directly recognized in the statement of income. The goodwill impairment is not reflected subsequently.

Intangible assets acquired separately are initially recognized and measured at cost. After initial recognition, the intangible assets are measured at cost, minus accumulated amortization and impairment losses, if appropriate.

6.4.27 Leases

Lease Obligations

Lease obligations are initially measured at the net current value of lease payments, which were unpaid at the commencement date. Lease payments are discounted using implicit interest rate in the lease contract. In case of failure to easily determine such rate, which is generally the case for lease contracts in the Company, the additional borrowing rate for lessee is used. This is the rate, which the individual lessee should pay to borrow amounts required to obtain an asset with a similar value to the assets under the right of use in a similar economic environment with similar terms and circumstances.

To determine the additional borrowing rate, the Company:

- where possible, uses recent funding from third parties obtained by the individual lessee as a starting point and was modified to reflect the changes in the funding terms since receipt of the third party's funding;
- uses accumulative approach starting with an interest rate free from risks to be modified for credit risks for lease contracts, which the individual lessee keeps, and does not have recent funding from third party; and
- introduces special amendments to the lease contract (ex: term, country, currency and security).

Lease obligations include the net current value of the following lease payments:

- Fixed lease payments, minus any due lease incentives;
- Variable lease payments, which rely on indication or rate, are measured at the beginning using the indication or rate at the commencement date;
- Amounts expected to be paid by the lessee under the remaining guarantees;
- Exercising rate of purchase options if the lessee was reasonably certain about exercising the options; and
- Payment of lease contract termination penalties if the lease term reflects the option exercise of lease contract termination.

Lease payments are also included under the reasonably certain extension options in obligation measurement.

The lease obligation is presented as a separate item in the statement of financial position.

Lease obligation is measured subsequently by increasing the book value to reflect the interest on lease obligations (by using the actual interest rate approach) and by decreasing the book value to reflect the paid lease payments.

The Company remeasures the lease obligation (and introduces amendment similar to assets under the relevant right of use) whenever:

- the lease contract's term changes or there is change in evaluating the purchase option exercise. In this case, the lease obligation is remeasured by deducing modified lease payments suing modified discount rate;
- the lease payments change due to changes in an indication or rate, or changes in expected payments under a guaranteed remainder. In such cases, the lease obligation is remeasured by deducting the revised lease payments using the initial discount rate (unless the lease changes the due payments);
- the lease contract is amended. The amendment to a lease contract is not calculated as a separate lease contract. In such case, the lease obligation is measured by deducting the modified lease payments using a modified discount rate.

Right of Use Assets

Right of use assets include the initial measurement of the counter lease obligation and lease payments made on the prior to the commencement date as well as any direct preliminary costs. They are subsequently measured, minus the accumulated depreciation and impairment losses, if any.

When the Company assumes an obligation at the costs of dismantling and removing a leased asset, to recover the site, in which the asset is located, or to restate the asset under the lease contract terms. The provision is recognized and measured according to the International Accounting Standard (IAS) 37 "Provisions, Contingent Liabilities and Contingent Assets". The costs are included in the assets under the relevant right of use unless these costs are incurred to produce an inventory.

The assets are depreciated under the right of use over the period of the lease contract or useful life of the primary asset, whichever is shorter. If the lease contract transfers the ownership of the primary asset or assets' cost under the right of use, the Company is then expected to exercise the purchase option.

The assets are depreciated under the relevant right of use over the course of the primary asset's useful life. Depreciation starts at the commencement date of the lease contract.

Assets are presented under the right of use as a separate item in the statement of financial position.

The Company applies the International Accounting Standard (IAS) 36 "Impairment of Assets" to determine whether or not any assets under the right of use were impaired and to calculate any impairment losses in the specified value.

Variable leases, which do not rely on an indication or rate to measure the lease obligation and assets under the right of use, are excluded. Relevant payments are recognized as expenses in the period where the event or condition triggering such payments takes place, and they are included in the profit or loss.

6.4.28 Provisions and Other Liabilities

Provisions are recognized when the Company has a (legal or constructive) obligation arising from previous events. The costs of settling the obligation shall be potential and can be reliably measured. Provisions of future operating losses shall be derecognized. The obligations of payable amounts shall be acknowledged in the future for received goods or services, whether or not claimed by the supplier.

6.4.29 Obligations for Employee Benefits

The Company manages the end-of-service benefits plan for its employees based on the prevailing labor laws and regulations in the Kingdom of Saudi Arabia. The plan relies on the recent salaries and years of service.

End-of-service benefits plan is not funded. Hence, the obligations under the plan are assessed by a dependent actuary expert based on the projected unit credit method. The costs related to these plans are firstly composed of the current value of benefits attributed, on equal footing, to each year of service plus the interest on such obligation in relation to the employees' service in previous years.

Current and previous service costs in relation to post-employment dues are listed directly in the statement of income. However, the derecognition of obligation is recorded at discount rates used in the statement of income. Any changes in the net obligation due to actuarial assessments and changes in assumptions are taken into consideration when remeasured in the statement of comprehensive income.

Any profits and losses of remeasurement resulting from expert's modifications and changes in actuarial assumptions are directly recognized in the statement of comprehensive income, and are transferred to retained profits in the statement of changes in equity during the period they occurred in.

Changes in the current value for certain benefit obligations resulting from modifications or reductions to the plan are recognized immediately in the statement of income as previous service costs. The end-of-service benefits rely on employee salaries, final allowances and accumulated years of service as mentioned in the labor law of the Kingdom of Saudi Arabia.

6.4.30 Zakat and Income Tax

The Company is subject to Zakat in accordance with the regulations and laws of the General Authority for Zakat and Taxes ("GAZT"). Zakat is calculated on the share of Saudi shareholders in equity or net income using the basis specified under Zakat regulations and laws. Income taxes are calculated on the share of foreign shareholders from net adjusted income for the year. Additional due amounts, if any, are calculated when the final assessment is completed when these amounts are specified.

a) Zakat

The Company is subject to Zakat according to GAZT regulations and laws. Zakat expenses are calculated through profit or loss. Zakat is not calculated as income tax; thus, no deferred tax is calculated in relation to Zakat.

b) Income Tax

Income tax expenses for the period is the tax due on taxable income in the current period on basis of income tax rate applicable to each jurisdiction while being modified by the changes in assets and deferred taxing liabilities, which are attributed to temporary differences and unused taxing losses and are calculated in the statement of income.

Income tax is calculated on basis of tax laws that are enacted materially at the end of the reporting date. The management shall periodically evaluate the attitudes adopted in the tax returns regarding the cases where the taxing organization is subject to modification. A provision shall be form, when necessary, based on the amounts expected to be paid to tax authorities.

The modifications resulting from final income tax estimates are recoded in the period where these estimates are made.

c) Deferred Tax

Deferred income tax is recognized using the obligation approach on temporary differences arising between the book values of assets and liabilities for financial reporting and amounts used for tax purposes. The recognized deferred tax relies on the projected approach to achieve or settle book values of assets and liabilities using legal tax rates or materially imposed on the reporting date. The deferred tax asset is only recognized to the extent where it is possible that taxable future profits would be available against the discountable temporary differences and tax approvals being usable. The deferred tax asset shall be discounted to the extent where it is impossible to achieve the relevant tax benefits.

These assets and liabilities are not recognized if the temporary differences arouse from the initial recognition of goodwill, asset or obligation in transaction (other than business merger) that does not affect the taxable or accounting profit.

The deferred tax assets and liabilities are balanced when there is a legally enforceable right to balance the current tax assets and liabilities, and when the deferred tax balances are related to the same tax authority. The current tax assets and liabilities are balanced when the establishment has a legally enforceable right to balance and intends to settle on a net basis or to achieve the asset and settle the obligations simultaneously.

Current and deferred taxes are recognized in profit or loss, except for those related to the items recognized in the other comprehensive income directly in equity. In such case, tax is also recognized in other comprehensive income directly in equity.

6.4.31 Merger of Business

Acquisition approach is used for accounting for all processes of business combinations regardless of whether or not equity instruments or other assets were acquired. Consideration transferred for acquiring an establishment shall be as follows:

- Fair value of transferred asset;
- Liabilities incurred by previous owners of acquired business;
- Equity issued by the Company;
- Fair value of any asset or obligation resulting from the consideration transferred arrangements; and
- Fair value of any equity shares previously existing in the acquired establishment.

With certain exceptions, the determinable assets and liabilities are initially measured for contingent liabilities assumed in business combinations at fair value on the acquisition date. The Company recognizes any uncontrolled share in the acquired company on basis of each acquisition separately either at fair value or on basis of proportionate share for uncontrolled share in the net determinable assets for the acquired company.

The acquisition-related costs are recorded as expenses when incurred.

Surplus:

- Consideration transferred;
- Amount of any uncontrolled share in the acquired establishment; and
- Fair value on the acquisition date of any previous equity shares in the acquired establishment.

The fair value of acquired net determinable assets is recorded as goodwill. If these amounts are less than the fair value of net determinable assets for acquired business, the difference is directly recognized in profit or loss as purchase deal.

When the settlement of any portion of the cash consideration is deferred, the future due amounts are discounted to its current value as on the date of deal. The discount rate used is the establishment's additional assumption rate, i.e., the rate under which a similar loan can be obtained from an independent financer under comparable terms and conditions.

The contingent consideration, if any, is classified either as equity or financial liabilities Amounts classified as financial liabilities are remeasured subsequently at fair value while recognizing the changes in fair value in profit or loss. If the business merger is carried out on stages, the book value of the acquisition date of the purchaser's equity share held previously in the acquired company shall be remeasured at fair value on the date of acquisition. Any profits or losses resulting from the remeasurement shall be recognized in profit or loss.

The business merger processes shall be calculated using the acquisition approach. The acquisition cost shall be measured on basis of total consideration transferred and measured at fair value on the date of acquisition plus the amount of any uncontrolled shares in the acquired company. Each process of business combinations, the acquirer measures the uncontrolled cost in the acquired company either at fair value or proportionate share of the net determinable assets of the acquired company. The acquisition-related costs are charged as expenses when incurred and listed in the overhead and administrative expenses in the statement of comprehensive income.

Goodwill is preliminary measured at cost representing increase in total consideration transferred and the amount recognized for the uncontrolled share on the fair value for net determinable and acquired tangible and intangible assets and incurred and/or assumed liabilities. If the consideration is less than the fair value for the acquired subsidiary's net assets, the difference is recognized in the statement of income. After preliminary checking, the goodwill is measured in the cost, minus any accumulated impairment losses. For impairment test, the goodwill acquired from business merger, as of the date of acquisition, shall be allocated for each of the Company's cash-generating units, which is expected to avail of the merger, regardless of whether or not the purchased company's other assets or obligations were allocated for these units.

The goodwill impairment is annually tested on the reporting date and when the circumstances indicate to the potential impairment of book value.

Goodwill Impairment is determined by evaluating the recoverable amount for each cash-generating unit related to the goodwill. When the recoverable amount for the cash-generating unit is less than the book value, the impairment loss is recognized in the statement of income. The goodwill-related impairment losses cannot be reflected in future periods.

6.5 Business Merger with Al Ahlia Cooperative Insurance

On Shawwal 12, 1441H (corresponding to June 04, 202G), the Company executed a binding merger agreement ("Agreement") with Al Ahlia Cooperative Insurance ("Al Ahlia") , which worked as a Saudi joint stock company (licensed to conduct cooperative insurance business in all parts of the Kingdom of Saudi Arabia). On Thul-Hijjah 20, 1441H (corresponding to August 10, 2020G), the Company obtained the Saudi Central Bank's approval on the merger with Al Ahlia. On Muharram 22, 1442H (corresponding to September 10, 2020G), the Company obtained the approval of the Capital Market Authority (CMA). Furthermore, the Company's shareholders and Al Ahlia agreed on the merger on Safar 18, 1442H (corresponding to October 05, 2020G) and Rabi' I 16, 1442H (corresponding to November 02, 2020G), respectively, according to the agreement. The merger's validity date was Rabi' I 21, 1442H (corresponding to December 06, 2020G) ("Validity Date"). As of the validity date, the Company acquired all shares issued for Al Ahlia under a share exchange offer through the issuance of one share in the Company against each 1.54766350624551 share in Al Ahlia. This resulted in the issuance of 7,947,464 new ordinary shares at a nominal value of 10 Saudi Riyals per share. The Company issued new shares by increasing its capital from 150,000,000 Saudi Riyals to 229,474,640 Saudi Riyals.

The Company calculated the merger process using the acquisition approach under International Financial Reporting Standard (IFRS) 3 – Business Combinations while the Company being the acquirer and Al Ahlia being the acquired company based on the fair value of net assets acquired as on the Validity Date. The modifications to the faire values shall be completed in twelve months as of the Validity Date as permitted by the International Financial Reporting Standard (IFRS) 3. The Company shall have sufficient time to obtain the required information to determine and measure the net earned assets. Following the Validity Date, Al Ahlia's share was removed from "Tadawul" and Al Ahlia was deregistered.

These financial statements include the results of Al Ahlia as of the Validity Date. If the acquisition is made on January 01, 2020G, the total premiums underwritten for the Company will increase by 181 million Saudi Riyals and the year loss attributed to shareholders will increase by 10.1 million Saudi Riyals for the year ended on December 31, 2020G. The merger-related costs for the year ended on December 31, 2020G amounted 3.2 million Saudi Riyals (December 31, 2019G: nil), and they were recognized as expenses in the statement of income in the overhead and administrative expenses.

Purchase Consideration

The Company purchased all issued shares in by Al Ahlia through the issuance of one share in the Company against each 1.54766350624551 share in Al Ahlia on the Validity Date. This resulted in the issuance of 7,947,464 new ordinary shares for the Company for Al Ahlia shareholders at fair value (21.26 Saudi Riyals per share) at 168,963,085 Saudi Riyals as purchase consideration.

Capital and Premium Shares

Issuance of the new shares resulted in, as mentioned in the said paragraph, the increase of Company's capital at 79,474,640 Saudi Riyals (7,947,464 shares at nominal value of 10 Saudi Riyals per share) and the issuance allowance is recognized at 89,488,445 Saudi Riyals as on the Validity Date. Below is the preliminary fair value of the net acquired assets as on the Validity Date:

Table No. (26): Temporary fair values of net acquired assets as on Validity Date

Description	Total (In SAR)
Assets	
Cash and Cash Equivalent	147,359,189
Short-Term Deposits	40,368,219
Net Debit Reinsurance Instalments and Balances	45,906,604
Reinsurer's Portion of Unearned Instalments	4,338,001
Reinsurer's Portion of Outstanding Claims	15,980,527
Reinsurer's Portion of Incurred but not Reported Claims	1,528,473
Deferred Policy Acquisition Costs	7,540,381
Investments	14,413,873
Dues from Related Parties	2,394,461
Prepaid Costs and Other Assets	13,369,069
Properties and Equipment	3,673,191
Right of Use Assets	2,791,322
Intangible Assets	7,052,576
Regular Deposit	24,000,000
Due Earning on Regular Deposit	3,515,288
Total Assets	334,231,174
Liabilities	
Accounts Payable	18,701,160
Dues and Other Liabilities	14,851,401
Reinsurers' Credit Balances	3,919,445
Unearned Premiums	107,975,551
Reinsurers' Unearned Commission	1,083,764
Outstanding Claims	36,792,956
Incurred but not reported Claims	40,751,611
Additional Premium Reserves	14,247,658
Other Technical Reserves	2,216,738
Lease Contract Liabilities	1,321,462
Employee Benefit Liabilities	6,585,890
Zakat and Tax Income	15,621,219
Credit Dividend Surplus	1,470,696
Commission Earnings Payable to Saudi Central Bank	3,515,288
Total Liabilities	269,054,839
Net Determinable Assets	65,176,335

Source: Financial statements audited for financial year ended on December 31, 2020G and preliminary financial statements unaudited for the period ended on September 30, 2021G

Goodwill Recognized as on Validity Date

Table No. (27): Goodwill recognized as on Validity Date

Purchase Consideration	168,963,085
Less: Net Acquired Determinable Assets	(65,176,335)
Goodwill	103,786,750

Source: Financial statements audited for financial year ended on December 31, 2020G and preliminary financial statements unaudited for the period ended on September 30, 2021G

6.6 Goodwill

Goodwill resulting from merger is attributed to similar aspects expected from the business merger of the Company and Al Ahlia. It cannot be allocated to any other intangible determinable and separated asset. Goodwill is distributed among the Company as one cash-generating unit, it is the joint operations of the Company and Al Ahlia. The management's judgment considered the sufficient reason for acquisition is to allocate the goodwill to the Company, i.e., collaboration from operations merger. The Company shall test the goodwill impairment on an annual basis. For the impairment test, the management determines the recoverable amount for cash-generating unit based on the calculations of value under usage. These calculations require using estimates related to future cash flows based on the work plan approved for the last five years and using appropriate discount rate applicable to the Company's circumstances. Cash flows are concluded after the five-year period using the estimated growth rate set out below. This growth rate conforms with the projections mentioned in the industry reports related to the industry, in which the cash-generating unit works. The used value calculation is more sensitive to total growth assumptions of premiums and average claims' percentage. Primary assumptions on which the projections rely are:

Primary Assumptions

Table No. (28): Key Assumptions

Description	%
Total underwritten premiums	%11.2
Average Claim Rate	%69.0
Discount Rate	%13.5
Final Growth Rate	%2.0

Source: Financial statements audited for financial year ended on December 31, 2020G and preliminary financial statements unaudited for the period ended on September 30, 2021G

Analysis of Sensitivity for Changes in Assumptions

Total Underwritten Premiums

The total growth of the underwritten premiums is estimated in the financial projection period at a compound annual growth rate of 11.2%. If all other assumptions remained the same, reduction of this growth rate from 11.2% to 6.8% shall give a value under usage equal to the current book value.

Average Claim Rate

An average claim rate is estimated in the financial projection period at 69%. If all other assumptions remained fixed, reduction of this growth rate from 69.0% to 72.7% shall give a value under usage equal to the current book value.

Regarding the evaluation of usage value, the management believes that there is no reasonably potential change in any of the other primary assumption mentioned above that would cause the recoverable value to be impaired materially below the book value of cash-generating unit, including goodwill.

6.7 Significant Accounting Judgments, Estimates and Assumptions

The preparation of financial statements according to the International Financial Reporting Standards (IFRS) requires using some significant estimates and judgements that affect the declared amounts of assets, liabilities and disclosures related to contingent assets and liabilities on the preparation date of financial statements, earnings and expenses reported during the reporting period. Estimates and judgements are assessed in a continuous manner and are based on historical experience and other factors, including projection of future events that are believed to be reasonable under the circumstances. The Company makes estimates and judgments related to the future and rarely do the resulting accounting estimates conform with the relevant actual results. Below are the estimates that include risks triggering a material modification to the book values of assets and liabilities during the following twelve months:

6.7.1 Impact of COVID-19

On March 11, 2020G, the World Health Organization (WHO) declared the outbreak of the Coronavirus (COVID-19) as a pandemic, acknowledging its rapid spread throughout the world. This outbreak has also affected the Gulf Cooperation Council (GCC) region, including the Kingdom of Saudi Arabia. Governments around the world have taken steps to control the spread of COVID-19. The Kingdom of Saudi Arabia has implemented border closures, issued guidelines for social distancing, and imposed curfew nationwide.

In response to the spread of COVID-19 in the Kingdom of Saudi Arabia and the consequent disruption of social and economic activities, the Company's management has assessed its effects on its operations and has adopted a series of proactive and preventive measures to ensure:

- The health and safety of its employees and the community surrounding its operations; and
- The protection, integrity and continuity of its business throughout the Kingdom of Saudi Arabia.

Medical Technical Reserves:

The Company's management believes that the Saudi Government's initiative to provide infected and suspected patients free healthcare has helped in reducing any negative effect. During the closure and curfew period as implemented by the Government of the Kingdom of Saudi Arabia, the Company witnessed decrease in reported medical claims (optional and non-chronic treatment claims mainly), thus leading to the decrease of experimenting with claims, which would have been resulted from delay in some medical treatments. Accordingly, the Company's management duly considered the effect of this delay of medical claims in the current estimate of future contractual cash flows for insurance contracts valid on December 31, 2020G for the liability adequacy test. Based on the results, no additional reserves were recognized by the Company as on September 30, 2021G (December 31, 2020G: nil) for medical policies issued to consider the said delay.

Technical reserves for motors:

In response to the COVID-19 pandemic, the Saudi Central Bank issued Circular No. 189 (the "Circular") on May 8, 2020G to all insurance companies in the Kingdom of Saudi Arabia. Among various other matters related to the insurance sector, the Circular instructs all insurance companies to extend the validity period of all existing retail motor insurance policies by two months, and to provide additional coverage of two months for all new retail motor insurance policies underwritten within one month of the date of the Circular.

The Management, in cooperation with the appointed actuary expert, discussed a variety of internal factors and concluded that the Company carried a future evaluation of the adequacy of unexpired risk reserves in relation to the current retail motor policies written in accordance with the Circular. As the fore new retail motor policies issued according to the said Circular, the premium shall be earned over twelve months.

The Company conducted a liability adequacy test using the current estimates of future contractual cash flows under its insurance contracts regarding current and future retail motor sale contracts as on September 31, 2021G. Based on the policy evaluations valid as on September 30, 2021G, which is conducted by the management with appointed actuary expert, the Company did not recorded additional deficit reserve in the premiums as of September 30, 2021G (4.5 million Saudi Riyals as on December 31, 2020G).

Financial Assets- Investments, Loans and Debtors:

Due to the COVID-19 pandemic, the Company has carried out an assessment in accordance with its accounting policy to determine whether there is objective evidence that a financial asset or group of financial assets is impaired for the investments held till maturity and financial assets classified as loans and accounts receivable. Such factors include significant financial difficulties of issuers or debtors, default or delay in payment, the possible bankruptcy of an issuer or debtor or other financial reorganization... etc. For available-for-sale investments, the Company has made an assessment to determine whether there has been a significant decline in the fair value of the available-for-sale investments to below their cost in addition to other specific factors, such as prolonged impairment of investments for equity instruments and/or default in credit in case of debt instruments. Based on such assessments, the Company believes that the COVID-19 pandemic did not have any material effects on the Company's reported results for the nine-month period ended on December 31, 2021G and financial year ended on December 31, 2020G. The Company continues to closely monitor the situation.

6.7.2 Obligations Arising from Claims Submitted under Insurance Contracts

The estimate of the amounts due to policyholders arising from claims made under insurance contracts involves a significant degree of judgment on part of the management. These estimates rely necessarily on material assumptions about several factors, including diverse degrees and it may be significant and uncertain degrees. Actual results may vary from the management's estimates, thus leading future changes in the estimated liabilities.

An estimate must be particularly made for the final expected cost of claims reported on the reporting date and final cost expected for incurred but not reported claims on the reporting date. The main method used by the management to estimate the cost of reported and incurred but not reported claims is that of using past claims settlement methods to predict future claims settlement methods.

Claims requiring court or arbitration decisions, if any, are assessed individually. Independent loss adjusters estimate property claims. The management reviews its provisions for claims incurred and claims incurred but not reported on a quarterly basis. The Company may face disputes with reinsurance companies, in addition to the possibility of reinsurers defaulting on their payments. The Company monitors the development of disputes and the strength of its reinsurers on a quarterly basis.

6.7.3 Impairment of Premiums and Debit Insurance Balances

An estimate is made for the uncollectible amount from debit premiums, if any, when the collection of the whole funds of accounts receivable according to the terms of the original insurance policy is unlikely. As for material individual amounts, this estimate is made individually as for the immaterial individual amounts but due, they shall be group estimated and a bonus shall be set to be applicable according to the length of maturity and previous Company's experience.

6.7.4 Fair Value of Financial Instruments

The Company considers investments as impaired when there is significant or long-term impairment in the fair value below its cost or in case of another objective evidence on the impairment. Determining a "material" or "long-term" impairment requires the use of material judgments. Additionally, the Company evaluates other factors, including natural fluctuations in the share price of listed investments, future cash flows and discount factors for unlisted investments .

6.7.5 Right of Use assets and Lease Contract Liabilities

The extension and termination options are included in the Company's lease contracts. They are used to maximize the operating flexibility as to management of assets used in Company's operations.

Upon determination of the lease contract's term, the management takes into consideration all facts and circumstances that crease an economic incentive to exercise the extension option or to not exercise the termination option. The extension options are included (or post-termination option periods) only in the lease term if it is reasonably confirmed that the lease contract shall be extended (or unterminated).

Lease payments are discounted using the interest rate included in the lease contract. In case of failure to easily determine such price, which is generally the case for lease contracts in the Company, the additional borrowing rate for lessee is used. This is the rate, which the Company should pay to borrow amounts required to obtain an asset with a similar value to the right of use asset in a similar economic environment with similar terms and security.

6.7.6 Goodwill Impairment Test

On an annual basis, the Company conducts a test to check whether or not the goodwill arising from the merger is exposed to any impairment. This requires estimating the recoverable amount for cash-generating unit, for which goodwill is allocated.

6.8 Statement of Income

The following table shows the income statement for the ended financial years on December 31, 2018G, December 31, 2019G and December 31, 2020G, and for the ended period on September 30, 2021G, and the comparative figures for the nine months ended on September 30, 2020G.

Table No. (29): Statement of Income

(Thousands Saudi Riyals)	The Ended Financial Year on December 31			Nine Months ended on September 30		Annual Change 2018G - 2019g	Annual Change 2019G - 2020g	Annual Change 2020G - 2021g
	2018G (Audited)	2019G (Audited)	2020G (Audited)	2020G (Non-audited)	2021G (Non-audited)			
Total Written premiums	328,002	558,796	557,123	383,027	421,672	70.4%	(0.3%)	10.1%
Assigned Reinsurance Premiums:								
Foreign	(111,488)	(110,330)	(74,022)	(57,191)	(71,976)	(1.0%)	(32.9%)	25.9%
National	(8,882)	(10,770)	(11,769)	(9,118)	(9,411)	21.3%	9.3%	3.2%
Surplus of Insurance Premium Losses:								
Foreign	(3,960)	(13,514)	(18,324)	(10,013)	(17,087)	241.2%	35.6%	70.6%
National	-	(320)	(541)	(365)	(1,578)	-	69.2%	332.7%
Net Written premiums	203,671	423,863	452,467	306,340	321,620	108.1%	6.7%	5.0%
Changes in Unearned Insurance Premiums	(51,422)	(74,088)	(10,100)	8,068	119,336	44.1%	(86.4%)	1379.2%
Changes in Reinsurers' Share of the Unearned Insurance Premiums	15,747	(22,920)	(7,482)	(5,375)	7,502	(245.5%)	(67.4%)	(239.6%)
Total Earned Insurance Premiums	167,996	326,855	434,884	309,032	448,458	94.6%	33.1%	45.1%
Reinsurance Commissions	28,011	26,758	24,322	16,132	16,779	(4.5%)	(9.1%)	4.0%
Fee income from insurance	839	201	223	157	289	(76.1%)	11.2%	84.0%
Total Revenues	196,846	353,815	459,429	325,321	465,527	79.7%	29.9%	43.1%
Subscription Costs and Expenses								
Total Paid Liabilities	(173,053)	(375,809)	(400,562)	(272,706)	(461,980)	117.2%	6.6%	69.4%
Reinsurers' Share of Total Paid Liabilities	71,345	146,730	60,988	45,130	59,510	105.7%	(58.4%)	31.9%
Incurred Expenses Related to Liabilities	(3,663)	(3,659)	(5,894)	(3,709)	(11,619)	(0.1%)	61.1%	213.3%
Net Liabilities and Other Paid Benefits	(105,371)	(232,739)	(345,468)	(231,285)	(414,089)	120.9%	48.4%	79.0%
Changes in Existing Liabilities	(3,852)	16,270	7,135	2,548	(5,319)	(522.4%)	(56.1%)	(308.7%)
Changes in Reinsurance Share of Existing Liabilities	10,058	(37,971)	5,785	4,143	1,064	(477.5%)	(115.2%)	(74.3%)
Changes in the Incurred Liabilities but not reported	(2,393)	(29,328)	(32,845)	(15,113)	(42,844)	1125.5%	12.0%	183.5%
Changes in Reinsurers' Share of the Incurred Liabilities but not reported	1,897	(9,882)	(4,754)	(4,015)	1,948	(620.8%)	(51.9%)	(148.5%)
Net Liabilities and Other Paid Benefits	(99,660)	(293,649)	(370,147)	(243,722)	(459,239)	194.7%	26.1%	88.4%
Costs of Acquiring Insurance Policies	(17,379)	(28,829)	(41,895)	(29,677)	(41,252)	65.9%	45.3%	39.0%
Changes in Reserves for Additional Insurance Premiums	(9,384)	8,111	8,446	5,493	(7,274)	(186.4%)	4.1%	(232.4%)
Changes in Other Technical Reserves	(306)	(719)	(4,015)	(604)	(2,955)	135.1%	458.1%	389.6%

Other Written Expenses	(2,233)	(1,731)	(2,796)	(1,744)	(7,703)	(22.5%)	61.5%	341.7%
Total Written Costs and Expenses, Net	(128,962)	(316,818)	(410,407)	(270,253)	(518,423)	145.7%	29.5%	91.8%
Net Subscription Income	67,885	36,997	49,022	55,067	(52,896)	(45.5%)	32.5%	(196.1%)
Reversal (Provision) for Doubtful Debts	3,066	(4,388)	(8,952)	(10,111)	(5,124)	(243.1%)	104.0%	(49.3%)
General and Administrative Expenses	(78,718)	(83,364)	(102,074)	(67,160)	(83,029)	5.9%	22.4%	23.6%
Investment Income and Commissions	7,243	13,878	12,273	7,773	13,334	91.6%	(11.6%)	71.5%
Realized Profits from Available Investments for Sale	639	-	-	-	-	(100.0%)	-	-
Finance Costs – Lease Contracts Liabilities	-	(216)	(255)	(192)	(220)	-	17.7%	14.5%
Other Revenues	6,217	6,356	10,622	8,942	7,282	2.2%	67.1%	(18.6%)
Total Other Operating Expenses, Net	(61,553)	(67,735)	(88,386)	(60,748)	(67,757)	10.0%	30.5%	11.5%
Total income (loss) for the year/period before surplus percentage, zakat and income tax	6,332	(30,739)	(39,364)	(5,681)	(120,653)	(585.5%)	28.1%	2024.0%
Surplus Related to Insurance Operations	(582)	-	-	-	-	(100.0%)	-	-
Total income (loss) for the year/period before zakat and income tax	5,750	(30,739)	(39,364)	(5,681)	(120,653)	(634.6%)	28.1%	2024.0%
Zakat Expenses	(3,192)	1,650	(6,213)	(2,701)	(2,000)	(151.7%)	(476.6%)	(25.9%)
Expenses of Income Tax	(16)	(54)	-	-	-	238.6%	(100.0%)	-
Total income (loss) for the year/period related to shareholders	2,542	(29,143)	(45,577)	(8,381)	(122,653)	(1246.6%)	56.4%	1363.5%
Other Comprehensive Income/(Loss):								
Items that will not be reclassified to the income statement in subsequent years:								
(Loss) Gain on re-measurement of defined employee benefit obligations	(1,374)	(2,073)	902	-	-	50.9%	(143.5%)	-
Items that may be reclassified to the income statement in subsequent years:								
Realized gains are reclassified to the income statement	-	-	(1,304)	(39)	-	-	-	(100.0%)
Net change in fair value of available for sale investments	(2,362)	8,271	4,845	4,674	(1,766)	(450.2%)	(41.4%)	(137.8%)
Total (loss) other comprehensive income	(3,736)	6,198	4,443	4,635	(1,766)	(265.9%)	(28.3%)	(138.1%)
Total comprehensive loss for the year/period	(1,194)	(22,945)	(41,134)	(3,746)	(124,419)	1821.5%	79.3%	3221.2%

Source: Audited Financial Statements for the Financial Years ending on December 31, 2018G, 2019G and 2020G and the unaudited preliminary financial statements for the period ending on September 30, 2021G.

The following table shows the key performance indicators for the ended financial years on December 31, 2018G, December 31, 2019G and December 31, 2020G, and for the ended period on September 30, 2021G, and the comparative figures for the nine (9) month period ended on September 30, 2020G.

Table No. (30): Key Performance Indicators

Key Performance	The Ended Financial Year on December 31			Nine Months ended on September 30	
	2018G (Audited)	2019G (Audited)	2020G (Audited)	2020G (Non-audited)	2021G (Non-audited)
Assignment Rate	37.9%	24.2%	18.8%	20.0%	23.7%
Retention Rate	62.1%	75.9%	81.2%	80.0%	76.3%
Net Loss Rate	59.3%	89.8%	85.1%	78.9%	102.4%
Costs of acquiring insurance policies / net earned premiums	10.3%	8.8%	9.6%	9.6%	9.2%
Reinsurance commissions / net earned premiums	16.7%	8.2%	5.6%	5.2%	3.7%
Expense Rate	45.0%	26.8%	25.5%	25.0%	19.7%
Combined Ratio	98.0%	117.3%	114.7%	108.3%	127.5%

Source: the Company

6.8.1 Gross Written Premiums (GWP)

The Health Sector and Vehicles Sector are the two main business sectors of the company. These two sectors collectively contributed 84.4%, 87.5%, 88.1% and 85.0% of the total written premiums during the financial years 2018G, 2019G and 2020G and the nine (9) month period ended on September 30, 2021G, respectively.

Gross Written Premiums (GWP) increased by 70.4% from 328.0 million Saudi Riyals in 2018G to 558.8 million Saudi Riyals in 2019G. This arise from the growth in all sectors, especially the health sector, which recorded an increase in gross written premiums (GWP) by 158.6% from 120.3 million Saudi Riyals in 2018G to 311.2 million Saudi Riyals in 2019G.

In 2020G, the gross written premiums (GWP) declined slightly by 0.3% compared to 2019G, to reach 557.1 million Saudi Riyals. However, a decline in the gross written premiums for the vehicles sector was recorded by 44.2% from 178.0 million Saudi Riyals in 2019G to 99.2 million Saudi Riyals in 2020G, which have an increase in the gross written premiums for the health sector by 25.8% to reach 391.4 million Saudi Riyals in 2020G.

Gross Written premiums increased by 10.1% from 383.0 million Saudi Riyals in the nine (9) month period ended on September 30, 2020G to 421.7 million Saudi Riyals in the same period ended on September 30, 2021G, affected by the increase in the written premiums in the vehicles, property and accident sectors arising from the merger process. This was partially witnessed a decline in the written premiums for the health sector, which witnessed a decline of 26.4% in the nine (9) month period ended on September 30, 2021G compared to the same period ended on September 30, 2020G.

6.8.2 Ceded Reinsurance Premiums

The company reinsures in accordance with the risk management strategy to protect the company from potential losses and to secure additional growth potential. Reinsurance operations are carried out under proportional and voluntary reinsurance agreements and contracts, and re-insurance of loss surplus.

The assignment rate declined in 2019G to 24.1% compared to the assignment rate of 37.9% in 2018G. This is mainly due to the non-renewal of the proportional reinsurance agreement for the health sector in 2019G (where the assignment percentage on this sector amounted to 30% of the net risk premium in 2018G). This sector was covered by loss surplus reinsurance agreements only in 2019G and 2020G and the nine-month period ended on September 30, 2021. Therefore, the company's retention rate for health insurance premiums is high.

In 2020, the assignment rate declined to 18.8% arising from the increase in written premiums related to the health sector, which is subject to a high retention rate.

The assignment rate increased in the nine (9) month period ended on September 30, 2021G to 23.7% compared to 20.0% in the same period ended on September 30, 2020G, mainly due to growth in the vehicles sector, which led to an increase in the assigned reinsurance premiums to vehicles.

6.8.3 Net Subscribed Insurance Premiums

The increase in the net written premiums from 203.7 million Saudi Riyals in 2018G to 452.5 million Saudi Riyals in 2020G was mainly due to the health sector, which recorded the highest retention rate among all other insurance sectors in the company. The retention rate in this sector reached 93.9% between 2018G and 2020G. The net written premiums in the health sector represented the highest percentage of the total net written premiums at a rate of 71.6% between 2018G and 2020G.

Net written premiums increased by 5.0% from 306.3 million Saudi Riyals in the nine (9) month period ended on September 30, 2020G to 321.6 million Saudi Riyals in the same period ended on September 30, 2021G. This mainly affected by the growth of the vehicles sector in addition to the high retention rate in this sector (arising from reducing the assignment rate under the proportional reinsurance agreement from 40% in 2020G to 25% in 2021G), which was partially declined the net written premiums for the health sector.

6.8.4 Change in Unearned Insurance Premiums, Net

The net change in unearned insurance premiums represents the difference between net written premiums and net earned insurance premiums during each year/period.

6.8.5 Net Earned Insurance Premiums

Net earned insurance premiums increased by 94.6% from 168.0 million Saudi Riyals in 2018G to 326.9 million Saudi Riyals in 2019G, paid mainly by the health sector and the vehicles sector in line with the increase in gross written premiums for these two sectors.

The net earned insurance premiums increased by 33.1% to reach 434.9 million Saudi Riyals in 2020G, arising from the increase in the health sector business, which was partially declined the net earned insurance premiums assigned to the vehicles sector.

Net Earned Insurance Premiums increased by 45.1% from 309.0 million Saudi Riyals in the nine (9) month period ended on September 30, 2020G to 448.5 million Saudi Riyals in the same period ended on September 30, 2021G. This was mainly due to the growth in the vehicles sector and the high retention rate in this sector.

6.8.6 ReinsuranceCommissions

Reinsurance commissions represent income from reinsurance arrangements/agreements. Reinsurance commissions in the majority of reinsurance arrangements/agreements depend on the profitability of the reinsured portfolio, which is positively or negatively affected in the event of an increase or decrease in the incurred liabilities.

Reinsurance commissions for 2018G amounting to 28.0 million Saudi Riyals included profit commission income related to previous years that were recorded within the reinsurance commissions for the vehicles sector (a value of 5.5 million Saudi Riyals). The profit commission income shall be related to the performance of the proportional reinsurance agreements for each agreement separately, and shall be subjected to change in accordance with the performance and terms of the reinsurance agreement for each year.

Reinsurance commissions declined by 4.5% in 2019G compared to 2018G to reach 26.8 million Saudi Riyals, mainly due to the absence of profit commission income in 2019.

In 2020G, reinsurance commissions declined by 9.1% compared to 2019G to reach 24.3 million Saudi Riyals, arising from the decline in the assigned reinsurance premiums in 2020G compared to the year 2019G.

The reinsurance commissions have no significant movements during the nine (9) month period ended on September 30, 2021G compared to the same period ended on September 30, 2020G.

6.8.7 Net Liabilities and Other Incurred Benefits

The net liabilities and other incurred benefits increased by 194.7% from SAR 99.7 million in 2018G to SAR 293.6 million in 2019G. This was mainly due to the increase in the liabilities number for the health sector and the vehicles sector in line with the increase in business in these two sectors in 2019G, which arising from an increase in the company's net loss rate from 59.3% in 2018G to 89.8% in 2019G.

In 2020, the company's net loss ratio declined to 85.1%, which witnessed primarily the decline in net liabilities and other incurred benefits assigned to the vehicle sector arising from the period of the caused closures by the Corona Virus (Covid-19) pandemic at the beginning of 2020G. This may lead to a decline in the use of the vehicle insurance benefit during this period, in addition to a decline in the net loss rate for the health sector, due to the company's tendency to liquidate a number of high loss corporate insurance policies this year.

Net Liabilities and other incurred benefits increased by 88.4% from 243.7 million Saudi Riyals in the nine (9) month period ended on September 30, 2020G to 459.2 million Saudi Riyals in the same period ended on September 30, 2021G. This may lead to an increase in the company's net loss rate from 78.9% in the nine (9) month period ended on September 30, 2020G to 102.4% in the nine (9) month period ended on September 30, 2021G. This is mainly due to:

- An increase in the net loss rate for the health sector from 84.2% to 114.9% during the same period due to the delay in receiving and recording the incurred liabilities for 2020G arising from the Corona Virus (Covid-19) pandemic, which were included and paid in the nine months period ended on September 30, 2021G, and
- The net loss rate for the vehicle sector increased from 72.1% to 84.0% during the same period due to the increase in the vehicle liabilities number compared to the nine (9) month period ended on September 30, 2020G, which was affected by the caused closures because of the Corona Virus (Covid-19) pandemic. In addition to, the growth of the vehicle sector business and the practice of sales through the Tameeni platform during the nine (9) month period ended on September 30, 2021G.

6.8.8 Costs of Acquiring Insurance Policies

The costs of acquiring insurance policies mainly relate to the paid commissions to sales representatives, brokers and agents. These costs are in line with movements in gross written premiums.

The total costs of acquiring insurance policies increased by 65.9% from 17.4 million Saudi Riyals in 2018G to 28.8 million Saudi Riyals in 2019G, in line with the increase in gross written premiums through brokers in the health and vehicles sector.

In 2020G, the total costs of acquiring insurance policies increased by 45.3% compared to 2019G to reach 41.9 million Saudi Riyals. This is mainly due to the increase in the costs of acquiring insurance policies assigned to the health sector arising from the increase in the gross written premiums through brokers and agents in this sector.

The total costs of acquiring insurance policies increased by 39.0% from 29.7 million Saudi Riyals in the nine (9) month period ended on September 30, 2020G, to 41.3 million Saudi Riyals in the same period ended on September 30, 2021G. This is due to the high costs of acquiring insurance policies assigned to the health sector (due to the relatively high incurred costs of acquiring insurance policies for small and very small companies' policies) and the vehicle sector (due to the high gross written premiums through brokers).

6.8.9 Changes in Additional Insurance Premium Reserves and Changes in Other Technical Reserves

Changes in additional insurance premium reserves and changes in other technical reserves included in the income statement for the financial years 2018G, 2019G and 2020G and the nine (9) month periods ended on September 30, 2020G and 2021G are based on the recommendations of the actuary.

6.8.10 Provision forDo ubtfulDebits

The provision for doubtful debts is linked to the carrying amount of due long-term installment receivables. As, the events or circumstances indicate that the carrying amount may not be recoverable. The Company audits the carrying amount of insurance and reinsurance premiums receivable in accordance with the set guidelines by the Saudi Central Bank and records the change in the decline of past due insurance premiums as a provision for doubtful debts.

6.8.11 General and Administrative Expenses

General and administrative expenses increased by 5.9% from 78.7 million Saudi Riyals in 2018G to 83.4 million Saudi Riyals in 2019G. An increase was recorded in several items, including but not limited to: supervision and examination fees of 1.4 million Saudi Riyals (in accordance with the increase in gross written premiums), professional fees by 1.8 million Saudi Riyals (due to non-recurring costs related to evaluating of the merger process with Al Ahlia Company in that period), rental costs of 1.6 million Saudi Riyals (due to including the rental costs for previous years in 2019G), and information technology (IT) services costs of 1.4 million Saudi Riyals. This was partially lead to a decline in salaries and benefits in 2019G of 3.5 million Saudi Riyals.

In 2020G, general and administrative expenses increased by 22.4% to reach 102.1 million Saudi Riyals arising from the increase in withholding tax expenses by 7.6 million Saudi Riyals (which represents an increase in withholding tax expense for 2013G to 2019G). The company settled these expenses with the General Authority of Zakat and Taxes, the value added tax (VAT) of 2.8 million Saudi Riyals (representing non-refundable amounts related to the increase in the value added tax (VAT) rate from 5% to 15%), compensations and benefits amounting to 2.3 million Saudi Riyals (arising from the increase in employee costs because of the merger with Al Ahlia Company), in addition to an increase in professional fees by 3.5 million Saudi Riyals. This was mainly due to the merger process with Al Ahlia Company.

General and administrative expenses increased from 67.2 million Saudi Riyals in the nine (9) month period ended on September 30, 2020G to 83.0 million Saudi Riyals in the nine (9) month period ended on September 30, 2021G. This is mainly due to an increase in compensations and benefits amounting to 14.9 million Saudi Riyals arising from the merger process with Al Ahlia Company, in addition to an increase in employee remuneration expenses (amounted 3.0 million Saudi Riyals).

6.8.12 Zakat and Income Tax

The company obtained Zakat and income tax certificates from the Zakat, Tax and Customs Authority for the years until 2020G. In July 2020, the company received the Zakat and income tax assessment for 2014G, amounting to 7.1 million Saudi Riyals. Zakat differences in accordance with the initial assessments are mainly due to the lack of approval by the Zakat, Tax and Customs Authority on some balances related to the existing liabilities, incurred liabilities that were not reported, the balances of payable reinsurers, and the due amounts to related parties from the Zakat base. The company filed an appeal against the initial assessment of the Zakat, Tax and Customs Authority and received an updated assessment of 3.3 million Saudi Riyals. The company also submitted an appeal to the Resolution Committee for Violations and Tax Disputes, and believed that the result of this appeal will be in favor of the company.

During 2020G, the company also received the Zakat and income tax assessment for 2015G until 2018G amounted 10.25 million Saudi Riyals. Zakat differences in accordance with the initial assessments are mainly due to the lack of approval by the Zakat, Tax and Customs Authority on some balances related to time deposits and investments from the Zakat base. The company established an additional provision of 1.9 million Saudi Riyals for the objection and paid that amount to the Zakat, Tax and Customs Authority, on the other side; the company filed an appeal against the initial assessment of the authority and believed that the result of this appeal will be in favor of the company. During the nine (9) month period ended on September 30, 2021G, the Company received audited assessments for 2015G until 2018G with an additional zakat obligation amounted 8.36 million Saudi Riyals. The Company also filed an appeal to the Resolution Committee of Violations and Tax Disputes against the assessment audited by the Authority. Whereas, the company believes that the results of this appeal will be in favor of the company. Accordingly, no additional provision has been made for such additional assessments in the financial statements. No provision has been made for income tax for the nine (9) month period ended on September 30, 2021, due to the adjusted net loss for this period.

The calculated obligation of zakat and income tax by the company can differ from the assessed obligation of zakat and income tax by the Zakat, Tax and Customs Authority for the years for which the assessments have not been raised by the Zakat, Tax and Customs Authority. The company's zakat and income tax assessments for the years 2019G and 2020G shall be subjected, as on the date of this prospectus, to audit by the Zakat, Tax and Customs Authority.

Zakat and Income Tax - Al Ahlia Company

In 2018, Al Ahlia Company received the Zakat and income tax assessment for 2011G and 2012G, amounting to 2.1 million Saudi Riyals. Al Ahlia Company has submitted an appeal against the base of the Zakat, Tax and Customs Authority to the General Secretariat of the Tax Committees, and the result is still pending. Moreover, during 2020G, Al Ahlia Company received Zakat and income tax assessments for 2015G until 2018G amounting to 9.5 million Saudi Riyals. Al Ahlia Company has filed an appeal to the Higher Committee, and the result is still pending. The zakat differences in accordance with the initial assessments for 2011G, 2010G and 2015G until 2018G are mainly due to the failure of the Zakat, Tax and Customs Authority to allow certain balances related to investments, statutory deposits, and adjusted accumulated losses from the zakat base. The company's management believes that the Zakat, Tax and Customs Authority will reconsider the initial assessments and allow some deductions from the Zakat base in the final assessments. However, Al Ahlia Company's management submitted a settlement request to the Zakat, Tax and Customs Authority for all existing assessments of 7.8 million Saudi Riyals, and considered that the level of current zakat provisions is sufficient for the time being. Al Ahlia Company obtained zakat and income tax certificates from the Zakat, Tax and Customs Authority for the years up to 2019G. the zakat and income tax assessment for 2019G is currently under audit by the Zakat, Tax and Customs Authority.

6.8.13 Total Comprehensive Loss for the Year/Period

The comprehensive loss increased from 1.2 million Saudi Riyals in 2018G to 41.1 million Saudi Riyals in 2020G. This is mainly due to the decline in net subscribing income from 67.9 million Saudi Riyals in 2018G to 49.0 million Saudi Riyals in 2019G (due to the high net loss rate in the health and vehicle sectors) in addition to the annual increase in general and administrative expenses from 78.7 million Saudi Riyals in 2018G to 102.1 million Saudi Riyals in the year 2020G.

Comprehensive loss increased from 3.7 million Saudi Riyals in the nine (9) month period ended on September 30, 2020G to 124.4 million Saudi Riyals in the nine (9) month period ended on September 30, 2021G. This mainly happened in the health sector, which recorded a decline in net subscribing results from an income of 20.5 million Saudi Riyals in the nine (9) month period ended on September 30, 2020G, to a loss of 88.2 million Saudi Riyals in the nine (9) month period ended on September 30, 2021G,

6.8.14 Revenues

6.8.14.1 Gross Written premiums

Table No. (31): Gross written premiums

Insurance Type (Thousands Saudi Riyals)	The Ended Financial Year on December 31			Nine Months ended on September 30		Annual Change 2018G - 2019g	Annual Change 2019G - 2020g	Annual Change 2020G - 2021g
	2018G (Audited)	2019G (Audited)	2020G (Audited)	2020G (Non-audited)	2021G (Non-audited)			
Health	120,347	311,195	391,351	256,913	189,007	158.6%	25.8%	(26.4%)
Vehicle	156,424	177,972	99,231	77,313	169,311	13.8%	(44.2%)	119.0%
Property and Accidents	51,231	69,629	66,542	48,801	63,354	35.9%	(4.4%)	29.8%
Gross Written premiums	328,002	558,796	557,123	383,027	421,672	70.4%	(0.3%)	10.1%
Total Percentage								
Health	36.7%	55.7%	70.2%	67.1%	44.8%			
Vehicle	47.7%	31.8%	17.8%	20.2%	40.2%			
Property and Accidents	15.6%	12.5%	11.9%	12.7%	15.0%			
Total	100.0%	100.0%	100.0%	100.0%	100.0%			

Source: Audited financial statements for the ended financial years on December 31, 2018G, 2019G and 2020G and the unaudited preliminary financial statements for the ended period on September 30, 2021G.

The Gross Written premiums recorded by the company between 2018G and the nine (9) month period ended on September 30, 2021G are mainly focused on corporate documents, which represented an average of 55% of the gross written premiums during this period.

The Company issues insurance policies by direct sales through its head office in Dammam and its branches and points of sale spread in the Kingdom of Saudi Arabia, in addition to the approved brokers by the legal authorities to work in the Saudi insurance market. The Company's sales are focused in the eastern region, which represented an average of 48.5% of the gross written premiums between 2018G and 2020G, followed by the central region with 21.3%, the western region by 11.9% and other areas by 18.3%.

The health sector accounted for 36.7%, 55.7%, 70.2% and 44.8% of the gross written premiums in 2018G, 2019G and 2020G and the nine (9) month period ended on September 30, 2021, respectively, followed by the vehicles sector, which contributed 47.7% and 31.8 %, 17.8% and 40.2% of the gross written premiums, respectively, during the same period.

Health Sector

The written premiums for the health sector increased by 158.6% in 2019G to reach 311.2 million Saudi Riyals, compared to 120.4 million Saudi Riyals in 2018G, due to several reasons, most notably:

- Increasing in retail customers that was mainly through contracting with a broker (Takaful Emarat) and an agent (Solidarity First Insurance Company) in addition to the opening of a new number of points of sale, and
- Attracting a number of health documents from small, medium and large companies, especially through the insurance brokers.

The written premiums for the health sector increased by 25.8% to reach 391.4 million Saudi Riyals in 2020G due to the increase in written premiums for small and very small enterprises regarding the company's competitive prices in the market. This was partially witnessed a decline in the written premiums for large and medium companies arising from the company's tendency to liquidate the insurance portfolio of high-loss policies.

The written premiums for the health sector declined by 26.4% from 256.9 million Saudi Riyals in the nine (9) month period ended on September 30, 2020G to 189.0 Million Saudi Riyals in the same period ended on September 30, 2021G. This was due to the decline in sales to small and very small enterprises after raising prices and auditing the pricing mechanism in addition to the company's failure to renew the health documents number of belonging to medium and large-sized companies with high loss rates.

Vehicle Sector

The written premiums for the vehicles sector increased by 13.8% from 156.4 million Saudi Riyals in 2018G to 178.0 million Saudi Riyals in 2019G arising from the increase in the written premiums of companies upon attracting large and medium-sized groups and enterprises through brokers.

In 2020G, the written premiums for the vehicles sector declined by 44.2% to reach 99.2 million Saudi Riyals. This is due to a decline in online sales and points of sale after raising the prices of individual insurance (especially third party liability insurance) arising from the high loss rates for this category and the entry of a number of insurance companies into competition through electronic sales platforms, in addition to the failure to renew a policy of a large-sized company.

The written premiums for the vehicles sector increased by 119.0% in the nine (9) month period ended on September 30, 2021G, to reach 169.3 million Saudi Riyals, compared to 77.3 million Saudi Riyals in the same period ended on 30 September 2020G, arising from all of the following:

- Adding the insurance portfolio of Al Ahlia Company after the merger process, which contributed to the increase in the written premiums for the companies, and
- Increasing in the sales of individuals (generally third party liability insurance) through electronic sales platforms after the company amended the subscription method and restructured pricing.

Property and Accident Sector

The written premiums for the property and accidents sector increased by 35.9% from 51.2 million Saudi Riyals in 2018G to 69.6 million Saudi Riyals in 2019G due to attracting new customers in the general accident, marine, property and engineering sectors.

There are no significant movements in the written premiums for the property and accidents sector in 2020G compared to the year 2019G.

The written premiums for the property and accidents sector increased by 29.8% from 48.8 million Saudi Riyals in the nine (9) month period ended on September 30, 2020G to 63.4 million Saudi Riyals in the same period ended on September 30, 2021G. This is due adding the insurance portfolio of Al Ahlia Company after the merger process, which contributed to the increase in written premiums, especially in the general accidents sector.

6.8.14.2 Assigned Reinsurance Premiums

Table No. (32): Assigned Reinsurance Premiums, including the Loss Surplus

Insurance Type (Thousands Saudi Riyals)	The Ended Financial Year on December 31			Nine Months ended on September 30		Annual Change 2018G - 2019g	Annual Change 2019G - 2020g	Annual Change 2020G - 2021g
	2018G (Audited)	2019G (Audited)	2020G (Audited)	2020G (Non-audited)	2021G (Non-audited)			
Health	21,513	12,681	15,646	8,299	14,164	(41.1%)	23.4%	70.7%
Vehicle	64,628	72,893	40,742	31,355	44,753	12.8%	(44.1%)	42.7%
Property and Accidents	38,189	49,360	48,268	37,033	41,135	29.3%	(2.2%)	11.1%
Assigned Reinsurance Premiums	124,330	134,933	104,657	76,687	100,052	8.5%	(22.4%)	30.5%
Assignment Rate: Assigned Reinsurance Premiums / Gross Written premiums								
Health	17.9%	4.1%	4.0%	3.2%	7.5%			
Vehicle	41.3%	41.0%	41.1%	40.6%	26.4%			
Property and Accidents	74.5%	70.9%	72.5%	75.9%	64.9%			
Assignment Rate	37.9%	24.1%	18.8%	20.0%	23.7%			

Source: Audited financial statements for the ended financial years on December 31, 2018G, 2019G and 2020G and the unaudited preliminary financial statements for the ended period on September 30, 2021G.

The company reinsures part of the issued policies by the company under foreign and local proportional and optional re-insurance agreements and contracts. The externally assigned reinsurance premiums represent a rate of 79.3% of the total reinsurance premiums assigned between 2018G and the nine (9) month period ended on September 30, 2021G, while the locally assigned reinsurance premiums represent a rate of 8.8% and the loss surplus arrangements are 11.9%.

The gross assigned reinsurance premiums is 24.9% of the gross written premiums between 2018G and the nine (9) month period ended on September 30, 2021G. The main business sectors assigned by the company during this period are the property and accidents sector at a rate of 70.6% and the vehicles sector at a rate of 37.0%, followed by the health sector at a rate of 6.3%.

The gross assigned reinsurance premiums declined from 37.9% of the gross written premiums in 2018 to 18.8% in 2020G due to the increase in the health sector's share of the gross written premiums in conjunction with the dedication of the assignment rate in this sector. Despite the increase in the assignment rate to 23.7% in the nine (9) month period ended on September 30, 2021G, the company has declined the assignment rate in the vehicles sector and the property and accidents sector (as explained below).

The assigned reinsurance premiums increased from 124.3 million Saudi Riyals in 2018G to 134.9 million Saudi Riyals in 2019G. This is mainly due to the growth in the assigned reinsurance premiums in all sectors, with the exception of the health sector, arising from the non-renewal of the proportional reinsurance agreement in 2019G. This led to a decline in the assignment rate from 37.9% in 2018G to 24.1% in 2019G due to the large share of the health sector in the gross written premiums.

In 2020G, the assigned reinsurance premiums declined by 22.4% compared to 2019G, reaching 104.7 million Saudi Riyals, mainly due to the decline in the gross written premiums of the vehicles sector. The assignment rate declined to 18.8% in 2020G compared to 24.1% in 2019G arising from the increase in the health sector business, which is subject to a high retention rate.

The assigned reinsurance premiums increased by 30.5% in the nine (9) month period ended on September 30, 2021G, to reach 100.1 million Saudi Riyals, compared to 76.7 million Saudi Riyals in the same period ended 30 September 2020G. This is due to the increase in assigned insurance premiums to the vehicle sector, in line with the increase in gross written premiums in this sector.

Health Sector

The assignment rate in the health sector declined from 17.9% in 2018G to 4.1% in 2019G arising from the company's decision not to renew the proportional reinsurance agreement for the health sector after the reinsurance company submitted a request to amend the agreement, which the company did not see in its favor in 2019G (The percentage of assignment to this sector amounted to 30% of the net risk premium in 2018G). This sector was covered by loss surplus reinsurance agreements only in 2019G and 2020G and the nine (9) month period ended on September 30, 2021G. Therefore, the company's retention rate of the health insurance premiums is high.

There are no significant changes in the assignment rate of the health sector between 2018G and 2020G.

The assignment rate in the health sector increased from 3.2% in the nine (9) month period ended on September 30, 2020G to 7.5% in the same period ended on September 30, 2021G. This is due to recording adjustments to the surplus of insurance premium losses amounting to 11.1 million Saudi Riyals in the nine (9) month period ended on September 30, 2021, mainly related to the years 2019G and 2020G compared to 6.7 million Saudi Riyals listed in the same period ended on September 30, 2020G related to 2019G.

Vehicle Sector

There are no significant changes in the assignment rate of the vehicle sector between 2018G and 2020G.
The assignment rate in the vehicle sector declined from 40.6% in the nine (9) month period ended on September 30, 2020G to 26.4% in the same period ended on September 30, 2021G. This is due to the high retention rate in this sector, which raised from the company's decision to reduce the assignment rate under the proportional reinsurance agreement from 40% in 2020G to 25% since the beginning of 2021G.

Property and Accident Sector

There are no significant changes in the assignment rate of the property and accident sector between 2018G and 2020G.
The assignment rate in the property and accidents sector declined from 74.9% in the nine (9) month period ended on September 30, 2020G to 64.9% in the same period ended on September 30, 2021G. This is mainly due to the high written premiums for the sub-medical malpractice insurance (included within the general accidents sector), which is subject to a relatively high retention rate.

6.8.14.3 Net Written Premium

Table No. (33): Net Written Premiums

Insurance Type (Thousands Saudi Riyals)	The Ended Financial Year on December 31			Nine Months ended on September 30		Annual Change 2018G - 2019g	Annual Change 2019G - 2020g	Annual Change 2020G - 2021g
	2018G (Audited)	2019G (Audited)	2020G (Audited)	2020G (Non-audited)	2021G (Non-audited)			
Health	98,834	298,514	375,704	248,613	174,843	202.0%	25.9%	(29.7%)
Vehicle	91,796	105,079	58,489	45,958	124,558	14.5%	(44.3%)	171.0%
Property and Accidents	13,042	20,269	18,274	11,768	22,219	55.4%	(9.8%)	88.8%
Net Written Premium	203,672	423,863	452,467	306,340	321,620	108.1%	6.7%	5.0%
Retention Rate: Net Subscribed Insurance Premium / Gross Written premiums								
Health	82.1%	95.9%	96.0%	96.8%	92.5%			
Vehicle	58.7%	59.0%	58.9%	59.4%	73.6%			
Property and Accidents	25.5%	29.1%	27.5%	24.1%	35.1%			
Retention Rate	62.1%	75.9%	81.2%	80.0%	76.3%			

Source: Audited financial statements for the ended financial years on December 31, 2018G, 2019G and 2020G and the unaudited preliminary financial statements for the ended period on September 30, 2021G.

The Health Sector and Vehicle Sector are the main sectors and motives of changes in net written premiums. The retention rate in the health sector increased from 82.1% in 2018G to about 95.2% in 2019G, 2020G and the nine (9) month period ending on September 30, 2021G. While the retention rate in the vehicle sector increased from about 58.9% in 2018, 2019 and 2020 to 73.6% in the nine-month period ending on September 30, 2021G.

The increase in net written premiums from 203.7 million Saudi Riyals in 2018G to 452.5 million Saudi Riyals in 2020G mainly raised from growth in the health sector, which recorded the highest retention rate among all other insurance sectors in the company. The net written premiums in the health sector represented the highest percentage of the gross net written premiums at a rate of 71.6% between 2018G and 2020G.

Net written premiums increased by 5.0% from 306.3 million Saudi Riyals in the nine (9) month period ended on September 30, 2020G to 321.6 million Saudi Riyals in the same period ended on September 30, 2012G. This is due to the growth of the vehicles sector in addition to the high retention rate in this sector (arising from the decline in the assignment rate under the proportional reinsurance agreement from 40% in 2020G to 25% at the beginning of 2021G), which was partially witnessed a decline in the net written premiums for the health sector.

Net Changes in Unearned Premiums

The net change in unearned premiums represents the difference between net written premiums and net earned premiums during each year/period.

6.8.14.4 NetEarned Premiums

Table No. (34): Net Earned Premiums

Insurance Type (Thousands Saudi Riyals)	The Ended Financial Year on December 31			Nine Months ended on September 30		Annual Change 2018G - 2019g	Annual Change 2019G - 2020g	Annual Change 2020G - 2021g
	2018G (Audited)	2019G (Audited)	2020G (Audited)	2020G (Non-audited)	2021G (Non-audited)			
Health	92,592	176,481	340,797	243,286	287,074	90.6%	93.1%	18.0%
Vehicle	61,739	133,386	74,564	51,221	134,232	116.0%	(44.1%)	162.1%
Property and Accidents	13,665	16,989	19,523	14,525	27,151	24.3%	14.9%	86.9%
Net Earned Premiums	167,996	326,855	434,884	309,032	448,458	94.6%	33.1%	45.1%
Total Percentage								
Health	55.1%	54.0%	78.4%	78.7%	64.0%			
Vehicle	36.8%	40.8%	17.1%	16.6%	29.9%			
Property and Accidents	8.1%	5.2%	4.5%	4.7%	6.1%			
Net Earned Premiums	100.0%	100.0%	100.0%	100.0%	100.0%			

Source: Audited financial statements for the ended financial years on December 31, 2018G, 2019G and 2020G and the unaudited preliminary financial statements for the ended period on September 30, 2021G.

The health sector represented the highest percentage of the net earned premiums, as this sector contributed by 65.1% of the total in the period between 2018G and the nine (9) month period ended on September 30, 2021G, followed by the vehicles sector at a rate of 29.3%. Whereas, the company maintains the largest part of its operations and business in these two sectors.

The net earned premiums increased by 94.6% from 168.0 million Saudi Riyals in 2018G to 326.9 million Saudi Riyals in 2019. This is mainly in the health sector and the vehicles sector in line with the increase in the gross written premiums for these two sectors and the increase in the retention rate in the health sector starting from 2019G.

The net earned premiums increased by 33.1% to reach 434.9 million Saudi Riyals in 2020G, arising from the increase in the health sector business, which was partially due to the decline in the net earned insurance premiums related the vehicles sector.

Net earned premiums increased by 45.1% from 309.0 million Saudi Riyals in the nine (9) month period ended on September 30, 2020G, to 448.5 million Saudi Riyals in the same period ended on September 30, 2021G. This is mainly due to growth in the vehicle sector as well as high retention rate in this sector since the beginning of 2021G.

6.8.14.5 Reinsurance Commission

Table No. (35): Reinsurance Commissions

Insurance Type (Thousands Saudi Riyals)	The Ended Financial Year on December 31			Nine Months ended on September 30		Annual Change 2018G - 2019g	Annual Change 2019G - 2020g	Annual Change 2020G - 2021g
	2018G (Audited)	2019G (Audited)	2020G (Audited)	2020G (Non-audited)	2021G (Non-audited)			
Health	146	-	-	-	-	(100.0%)	0.0%	0.0%
Vehicle	14,016	16,632	8,453	6,532	6,186	18.7%	(49.2%)	(5.3%)
Property and Accidents	13,849	10,127	15,869	9,599	10,593	(26.9%)	56.7%	10.4%
Reinsurance Commissions	28,011	26,758	24,322	16,132	16,779	(4.5%)	(9.1%)	4.0%
Received Reinsurance Commissions as a Percentage of the Assigned Premiums								
Health	0.0%	0.0%	0.0%	0.0%	0.0%			
Vehicle	27.9%	18.3%	18.1%	18.2%	18.4%			
Property and Accidents	35.3%	26.1%	33.4%	22.9%	23.9%			
All Sectors	25.3%	19.5%	22.4%	18.5%	18.0%			

Source: Audited financial statements for the ended financial years on December 31, 2018G, 2019G and 2020G and the unaudited preliminary financial statements for the ended period on September 30, 2021G.

Reinsurance Commission represents income arising from reinsurance agreements. Reinsurance commissions in the majority of reinsurance agreements are depended on the profitability of the recoverable portfolio, in case of negatively or positive increased or declined the incurred claims.

Vehicle Sector

The Received Reinsurance Commissions as a percentage of the assigned premiums of the vehicle sector are 6.9%, 18.9%, 18.1% and 18.4% in 2018G, 2019G, 2020G and the nine (9) months ended 30 September 2021G, respectively.

Except for 2018G, a profit commission income has been registered for the previous years, amounting 5.5 million Saudi Riyals. There was no significant change in the commission percentage of the proportional reinsurance agreement for the vehicle sector in 2019G and 2020G and the nine (9) month period ended on September 30, 2021G.

Property and Accident Sector

The received rate of the reinsurance commissions as a percentage of the assigned premiums in the property and accidents sector amounted to 35.3%, 26.1%, 33.4% and 23.9% in 2018G, 2019G and 2020G and the nine (9) month period ended on September 30, 2021G, respectively.

There was no significant change in the commission rate of the proportional reinsurance agreement in the property and accident sector in 2018G, 2019G and 2020G and the nine (9) month period ended on September 30, 2021G. However, changes in the above rates are mainly due to changes in the distribution of premiums between the proportionate and optional reinsurance. The latter is generally subject to reinsurance commissions less the proportional insurance.

6.8.15 S ubscription Costs andExpenses

6.8.15.1 Liabilities

Table No. (36): Total and Share of Reinsurers in Paid Liabilities

Insurance Type (Thousands Saudi Riyals)	The Ended Financial Year on December 31			Nine Months ended on September 30		Annual Change 2018G - 2019g	Annual Change 2019G - 2020g	Annual Change 2020G - 2021g
	2018G (Audited)	2019G (Audited)	2020G (Audited)	2020G (Non-audited)	2021G (Non-audited)			
Health	76,838	137,677	293,031	196,124	305,588	79.2%	112.8%	55.8%
Vehicle	83,834	195,280	98,615	72,385	142,586	132.9%	(49.5%)	97.0%
Property and Accidents	12,380	42,852	8,916	4,197	13,805	246.1%	(79.2%)	228.9%
Total Paid Liabilities	173,053	375,809	400,562	272,706	461,980	117.2%	6.6%	69.4%
Health	(26,919)	(31,272)	(18,467)	(13,415)	(23,091)	16.2%	(40.9%)	72.1%
Vehicle	(36,235)	(76,656)	(37,106)	(28,939)	(29,909)	111.6%	(51.6%)	3.4%
Property and Accidents	(8,192)	(38,801)	(5,415)	(2,776)	(6,511)	373.7%	(86.0%)	134.5%
Share of Reinsurers in Paid Liabilities	(71,345)	(146,730)	(60,988)	(45,130)	(59,510)	105.7%	(58.4%)	31.9%
Incurred Expenses Related to the Liabilities	3,663	3,659	5,894	3,709	11,619	(0.1%)	61.1%	213.3%
Changes in the Existing Liabilities, Net	(6,206)	21,702	(12,921)	(6,691)	4,255	(449.7%)	(159.5%)	(163.6%)
Changes in the Incurred Liabilities but not reported, net	496	39,209	37,600	19,128	40,896	7810.6%	(4.1%)	113.8%
Net Liabilities and Other Benefits, Net	99,660	293,649	370,147	243,722	459,239	194.7%	26.1%	88.4%
Share of Reinsurers as a Percentage of Total Paid Liabilities								
Health	35.0%	22.7%	6.3%	6.8%	7.6%			
Vehicle	43.2%	39.3%	37.6%	40.0%	21.0%			
Property and Accidents	66.2%	90.5%	60.7%	66.1%	47.2%			
All Sectors	41.2%	39.0%	15.2%	16.5%	12.9%			

Source: Audited financial statements for the ended financial years on December 31, 2018G, 2019G and 2020G and the unaudited preliminary financial statements for the ended period on September 30, 2021G.

6.8.15.2 Total Paid Liabilities

Total paid liabilities increased by 117.2% from 173.1 million Saudi Riyals in 2018G to 375.8 million Saudi Riyals in 2019G, due to several reasons, the most significant reasons of which are:

- Health sector: the liabilities number increased in line with the increase in business in this sector in addition to an increase in the average volume of liability due to the addition of new benefits to health insurance policies by the Council of Cooperative Health Insurance,
- Vehicle Sector: the liabilities number increased, especially those arising from individual insurance policies issued through the Tameeni platform, in addition to the increase in the liabilities number related to corporate policies that were attracted during the period, and
- Property and Accident Sector: The total paid liabilities related to the property sector arising from a large fire claim increased by 24.0 million Saudi Riyals. The reinsurance share of the claim amounted by 22.2 million Saudi Riyals.

The total paid liabilities increased from 375.8 million Saudi Riyals in 2019G to 400.6 million Saudi Riyals in 2020G, arising from the increase in the total paid liabilities related to the health sector by 112.8% from 137.7 million Saudi Riyals in 2019G to 293.0 million Saudi Riyals in 2020G. This is due to an increase in gross written premiums in this sector. This is partially witnessed decline in the total paid liabilities related to the vehicle sector arising from the closures period caused by the Corona Virus (Covid-19) pandemic at the beginning of 2020G, which led to a reduction in the use of the vehicle insurance benefit during this period.

Total paid liabilities increased by 69.4% from 272.7 million Saudi Riyals in the nine (9) month period ended on September 30, 2020G to 462.0 million Saudi Riyals in the same period ended on September 30, 2021G. The main reasons for the increase are presented below:

- Health Sector: Total paid liabilities increased by 55.8% to reach 305.6 million Saudi Riyals in the nine (9) month period ended on September 30, 2021G, compared to 196.1 million Saudi Riyals in the same period ended on September 30, 2020G. This is due to the delay in receiving and recording the incurred liabilities for 2020G due to the Coronavirus Pandemic (Covid-19) that were included and paid in the nine (9) month period ended on September 30, 2021G,

- Vehicle Sector: Total paid liabilities increased from 73.4 million Saudi Riyals in the nine (9) month period ended on September 30, 2020G to 142.6 million Saudi Riyals in the same period ended on September 30, 2021G. Due to the increase in the liabilities number compared to the nine (9) month period ended on September 30, 2020G, which was affected by the closures caused by the Corona Virus (Covid-19) pandemic, in addition to the growth of the vehicle sector business in the nine (9) month period ended on September 30, 2021G.

- Property and Accidents Sector: the total paid liabilities to the property and accident sector increased, arising from the increase in the liabilities of the general accident sector from 0.8 million Saudi Riyals in the nine (9) month period ended on September 30, 2020G to 8.1 million Riyals in the same period ended on September 30, 2021G. This is mainly arising from medical malpractice liabilities of 5.6 million Saudi Riyals and 1.5 million Saudi Riyals related to general protection insurance.

6.8.15.3 Share of Reinsurers in Paid Liabilities

The reinsurers' share from the paid liabilities shall be determined by the reinsurance agreement of each insurance sector of the company.
The reinsurers' share percentage of the paid liabilities declined from 41.2% in 2018G to 15.2% in 2020G. This is mainly due to the increase in the paid liabilities related to the health sector that were subject to the loss surplus reinsurance agreement only since the beginning of 2019G (i.e. a high retention rate) compared to a proportional reinsurance agreement of 30% of the net risk premium in 2018G.
The reinsurers' share percentage of the paid liabilities in the total paid liabilities declined from 16.5% in the nine (9) month period ended on September 30, 2020G to 12.9% in the same period ended on September 30, 2021G. This is mainly due to the decline of the assignment rate in the vehicles sector under the proportional reinsurance agreement from 40% in 2020G to 25% from the beginning of 2021G.

6.8.15.4 The Incurred Expenses related to Liabilities

The Incurred Expenses related to liabilities increased from 3.7 million Saudi Riyals in 2018G to 5.9 million Saudi Riyals in 2020G, especially in the health sector. This is due to the increase in the paid liabilities during the same period.
The Incurred Expenses related to liabilities increased from 3.7 million Saudi Riyals in the nine (9) month period ended on September 30, 2020G to 11.6 million Saudi Riyals in the same period ended on September 30, 2021G, mainly from Najm Company's expenses related to the vehicles sector related to Al Ahlia's insurance portfolio, which amounted to 6.3 million Saudi Riyals.

6.8.15.5 Changes in the Existing Liabilities and the Incurred Liabilities but not reported, net

Changes in the existing liabilities and changes in the incurred liabilities, but not reported, represent changes in the estimated liability reserve and the incurred liabilities but not reported estimated by the actuary during the year/period.

6.8.15.6 Net Liabilities and Other Incurred Benefits

Table No. (37): Net Liabilities and Other Incurred Benefits

Insurance Type (Thousands Saudi Riyals)	The Ended Financial Year on December 31			Nine Months ended on September 30		Annual Change 2018G - 2019g	Annual Change 2019G - 2020g	Annual Change 2020G - 2021g
	2018G (Audited)	2019G (Audited)	2020G (Audited)	2020G (Non-audited)	2021G (Non-audited)			
Health	56,959	171,122	306,573	204,923	329,798	200.4%	79.2%	60.9%
Vehicle	40,680	126,287	57,829	36,935	112,719	210.5%	(54.2%)	205.2%
Property and Accidents	2,021	(3,760)	5,746	1,864	16,723	(286.4%)	(252.5%)	797.3%
Net Liabilities and Other Incurred Benefits	99,660	293,649	370,147	243,722	459,239	194.7%	26.1%	88.4%
Net loss rate: net claims and other benefits incurred / net earned premiums								
Health	61.5%	97.0%	90.0%	84.2%	114.9%			
Vehicle	65.9%	94.7%	77.6%	72.1%	84.0%			
Property and Accidents	14.8%	(22.2%)	29.4%	12.8%	61.6%			
Net Loss Rate	59.3%	89.8%	85.1%	78.9%	102.4%			

Source: Audited financial statements for the ended financial years on December 31, 2018G, 2019G and 2020G and the unaudited preliminary financial statements for the ended period on September 30, 2021G.

Health Sector

The net loss rate for the health sector increased from 61.5% in 2018G to 97.0% in 2019G, for several reasons, the most important of which are: the addition of new benefits to health insurance policies by the Council of Cooperative Health Insurance, the insufficient increase in the applicable prices due to competition in the market, increase in liabilities on corporate insurance policies, which led to a higher net loss rates for these policies, and an increase in the incurred and unreported liabilities reserve based on the actuary's recommendation.

The net loss rate for the health sector declined to 90.0% in 2020G compared to 2019G, due to the company's tendency to liquidate a number of high loss corporate insurance policies this year and the increase in prices on insurance policies for groups and very small and medium-sized institutions.

The net loss rate for the health sector increased to 114.9% in the nine (9) month period ended on September 30, 2021G, compared to 84.2% in the nine (9) month period ended on September 30, 2020G. This is due to several reasons, the most significant reasons of which are as follows: the delay in receiving the incurred medical liabilities for 2020G arising from the Corona Virus (Covid-19) pandemic, which were included and paid during the nine (9) month period ended on September 30, 2021G, the high net loss rates on insurance policies for small and very small enterprises, and the increase in the incurred but not reported reserve on the actuary's recommendation.

Vehicle Sector

The net loss rate for the vehicle sector increased from 65.9% in 2018G to 94.7% in 2019G arising from the increase in third party liability insurance claims (particularly for individual insurance policies issued through the Tameeni platform) in addition to the presence of a number of corporate insurance policies with high loss rates.

The net loss rate for the vehicle sector declined to 77.6% in 2020G, affected by the closure period caused by the Corona Virus (Covid-19) pandemic at the beginning of 2020G. This led to a decline in the movement of vehicles, which led to a decline in net loss rates, in addition to reducing sales via electronic platforms in 2020G arising from the high loss rates for these documents.

The net loss rate for the vehicle sector increased to 84.0% in the nine (9) month period ended on September 30, 2021G, compared to 72.1% in the nine (9) month period ended on September 30, 2020G. This is due to the increase in the vehicle liabilities number compared to the nine (9) month period ended on September 30, 2020G, which was affected by the caused closures by the Corona Virus (Covid-19) pandemic, in addition to the growth of the vehicle sector business and sales through the Tameeni platform during the nine (9) month period ended on September 30, 2021G.

Property and Accident Sector

The net loss rate for the property and accidents sector appeared negative in 2019G as it reached (22.2%) due to edits and declines in the reserve for unreported incurred liabilities and existing liabilities when settlement of these liabilities.

The net loss rate for the property and accident sector increased from (22.2%) in 2019G to 29.4% in 2019G.

The net loss rate for the property and accident sector increased to 61.6% in the nine (9) month period ended on September 30, 2021G, compared to 12.8% in the nine (9) month period ended on September 30, 2020G. This is mainly due to the increase in liabilities related to medical malpractice insurance and the increase in the reserve for unreported incurred liabilities.

6.8.15.7 Costs of Acquiring Insurance Policies

Table No. (38): Costs of Acquiring Insurance Policies

Insurance Type (Thousands Saudi Riyals)	The Ended Financial Year on December 31			Nine Months ended on September 30		Annual Change 2018G - 2019g	Annual Change 2019G - 2020g	Annual Change 2020G - 2021g
	2018G (Audited)	2019G (Audited)	2020G (Audited)	2020G (Non-audited)	2021G (Non-audited)			
Health	7,557	12,323	27,322	18,913	24,342	63.1%	121.7%	28.7%
Vehicle	7,248	13,061	9,993	7,316	11,424	80.2%	(23.5%)	56.1%
Property and Accidents	2,575	3,444	4,580	3,448	5,486	33.8%	33.0%	59.1%
Costs of Acquiring Insurance Policies	17,379	28,829	41,895	29,677	41,252	65.9%	45.3%	39.0%
Costs of paid insurance policies / Gross written premiums								
Health	5.8%	6.8%	8.2%	8.2%	10.8%			
Vehicle	5.6%	6.9%	12.4%	8.2%	8.1%			
Property and Accidents	5.3%	6.1%	10.9%	6.0.%	11.8%			
All Sectors	5.7%	6.7%	7.9%	7.9%	9.9%			

Source: Audited financial statements for the ended financial years on December 31, 2018G, 2019G and 2020G and the unaudited preliminary financial statements for the ended period on September 30, 2021G.

The costs of acquiring insurance policies mainly relate to the paid commissions to sales representatives, brokers and agents. These costs are in line with movements in gross written premiums.

The health and vehicle sectors constitute the two largest sectors that contributed to the total costs of acquiring insurance policies, for example, together, a rate of 85.2%, 88.1%, 89.1% and 86.7% of the total costs of acquiring insurance policies in 2018G, 2019G and 2020G and the nine (9) month period ended on September 30, 2021G, respectively.

The total costs of acquiring insurance policies increased by 65.9% in 2019G to reach 28.8 million Saudi Riyals, compared to 17.4 million Saudi Riyals in 2018G, due to the high costs of acquiring insurance policies attributed to the health and vehicles sector arising from the increase in written premiums through brokers and agents.

In 2020G, the total costs of acquiring insurance policies increased by 45.3% compared to 2019G to reach 41.9 million Saudi Riyals, mainly arising from the increase in the costs of acquiring insurance policies related to the health sector as a result of the growth of written premiums through brokers in this year. This was partially lead to a decline in the costs of acquiring insurance policies related to the vehicle sector due to the decline in the vehicle written premiums in 2020G.

The total costs of acquiring insurance policies increased by 39.0% in the nine (9) month period ended on September 30, 2021G to reach 41.2 million Saudi Riyals, compared to 29.7 million Saudi Riyals during the same period ended on 30 September 2020G for several reasons, the most significant reasons are as follows:

- The Health Sector: Despite the decline in the gross written premiums in the nine (9) month period ended on September 30, 2021G compared to the same period ended on September 30, 2020G, and
- Other sectors: the increase in the costs of acquiring insurance policies in line with the increase in the total written premiums, especially in the vehicles sector.

6.8.15.8 OtherU nderwritingExpenses

There is no significant change in other written expenses between 2018G and 2020G.

Other underwriting expenses increased from 1.7 million Saudi Riyals in the nine (9) month period ended on September 30, 2020G to 7.7 million Saudi Riyals in the same period ended on September 30, 2021G mainly because of Najm's expenses related to the vehicle sector. (Except for those related to the insurance portfolio of Al Ahlia Company, which is included in the incurred expenses related to the liabilities) in addition to the expenses of issuing civil liability insurance policies towards third parties for foreign vehicles entering the territory of the Kingdom of Saudi Arabia (ports).

6.8.16 OtherO peratingE xpenses andRevenues

6.8.16.1 Provision forD oubtfulDebts

The Saudi Central Bank calculated the provision for doubtful debts based on the issued guidelines. Provision for doubtful debts fluctuated during the years 2018G, 2019G and 2020G and the nine (9) month period ended on September 30, 2021, due to the reversal and increase of provisions for doubtful debts based on subsequent collection operations.

6.8.16.2 General and Administrative Expenses

The following table shows the general and administrative expenses for the ended financial years on December 31, 2018G, December 31, 2019G and December 31, 2020G, and for the ended period on September 30, 2021G.

Table No. (39): General and Administrative Expenses

Insurance Type (Thousands Saudi Riyals)	The Ended Financial Year on December 31			Nine Months ended on September 30		Annual Change 2018G - 2019g	Annual Change 2019G - 2020g	Annual Change 2020G - 2021g
	2018G (Audited)	2019G (Audited)	2020G (Audited)	2020G (Non-audited)	2021G (Non-audited)			
Salaries and Benefits	45,316	41,773	44,075	30,709	45,642	(7.8%)	5.5%	48.6%
Insurance Fees	5,469	6,019	4,573	3,297	3,149	10.1%	(24.0%)	(4.5%)
Supervision and Examination Fees	3,024	4,398	5,278	3,433	3,304	45.5%	20.0%	(3.8%)
Professional Fees	4,925	6,709	10,185	5,117	2,774	36.2%	51.8%	(45.8%)
Depreciation and amortization	3,265	4,832	4,417	2,447	5,114	48.0%	(8.6%)	109.0%
Rent	2,938	4,542	2,448	1,661	3,507	54.6%	(46.1%)	111.1%
Information Technology	2,920	4,318	4,523	3,600	2,580	47.9%	4.7%	(28.3%)
Employee benefit obligations	2,100	2,588	2,433	2,112	2,318	23.2%	(6.0%)	9.8%
Repair and maintenance	-	863	1,229	-	1,650	-	42.5%	-
Travel and Transportation	1,051	1,557	3,929	3,106	391	48.2%	152.4%	(87.4%)
Stationery, periodicals and subscriptions	885	716	133	82	504	(19.1%)	(81.4%)	517.7%
Advertising	102	81	1,888	76	46	(20.6%)	2232.2%	(39.5%)
Phone and mail	70	649	734	15	1,616	827.6%	13.2%	10331.6%
Others	6,654	4,319	16,227	11,506	10,436	(35.1%)	275.7%	(9.3%)
General and Administrative Expenses	78,718	83,364	102,074	67,160	83,029	5.9%	22.4%	23.6%
Percentage of Total								
Salaries and Benefits	57.6%	50.1%	43.2%	45.7%	55.0%			
Insurance Fees	6.9%	7.2%	4.5%	4.9%	3.8%			
Supervision and Examination Fees	3.8%	5.3%	5.2%	5.1%	4.0%			

Professional Fees	6.3%	8.0%	10.0%	7.6%	3.3%			
Depreciation and amortization	4.1%	5.8%	4.3%	3.6%	6.2%			
Rent	3.7%	5.4%	2.4%	2.5%	4.2%			
Information Technology	3.7%	5.2%	4.4%	5.4%	3.1%			
Employee benefit obligations	2.7%	3.1%	2.4%	3.1%	2.8%			
Repair and maintenance	-	1.0%	1.2%	-	2.0%			
Travel and Transportation	1.3%	1.9%	3.8%	4.6%	0.5%			
Stationery, periodicals and subscriptions	1.1%	0.9%	0.1%	0.1%	0.6%			
Advertising	0.1%	0.1%	1.8%	0.1%	0.1%			
Phone and mail	0.1%	0.8%	0.7%	0.0%	1.9%			
Others	8.5%	5.2%	15.9%	17.1%	12.6%			
General and Administrative Expenses	100.0%	100.0%	100.0%	100.0%	100.0%			

Source: Audited financial statements for the ended financial years on December 31, 2018G, 2019G and 2020G and the unaudited preliminary financial statements for the ended period on September 30, 2021G.

Salaries and Benefits

Employees' salaries and benefits represent the main expense within the general and administrative expenses, as they constituted 57.6%, 50.1%, 43.2% and 55.0%% of the total administrative and general expenses in 2018G, 2019G and 2020G and the nine (9) month period ended on September 30, 2021G, respectively.

Employees' salaries and benefits mainly consist of the basic salary, housing and transportation allowances, in addition to bonuses, benefits, and contributions from the General Organization for Social Insurance and others. These costs declined from 45.3 million Saudi Riyals in 2018G to 41.8 million Saudi Riyals in 2019G, mainly arising from reducing the number of employees due to closing a number of sales points during the year, bringing the number to 365 employees at the end of 2019G compared to 416 employees at the end of 2018G.

Employees' salaries and benefits increased by 5.5% in 2020G compared to 2019G to reach 44.1 million Saudi Riyals arising from adding salaries, benefits and bonuses related to Al Ahlia Company after the date of the merger process, which amounted to 1.6 million Saudi Riyals. The number of employees reached 480 at the end of 2020G (includes the number of 137 employees who were added from Al Ahlia Company after the merger process in December 2020G).

Employee salaries and benefits increased by 48.6% from 30.7 million Saudi Riyals in the nine (9) month period ended on September 30, 2020G to 45.6 million Saudi Riyals in the same period ended on September 30, 2021G. This may arise from the increase in the employees number due to the merger process with Al Ahlia Company, where the number of employees as of September 30, 2021G reached 401 employees, compared to 343 employees as on September 30, 2020G. In addition to an increase in employee bonus expenses (a value of 3.0 million Saudi Riyals).

Supervision and Examination Fees

Supervision and control expenses include the due fees to the Council of Cooperative Health Insurance and the Saudi Central Bank. Supervision and examination fees increased from 3.0 million Saudi Riyals in 2018G to 5.3 million Saudi Riyals in line with the increase in total written premiums.

During 2020G, the Saudi Central Bank exempted the company from the annual supervision and examination costs for a period of three years, starting from the first quarter of 2021G, to support the merger process with Al Ahlia Company. Accordingly, the supervision and examination fees amounting to 3.3 million Saudi Riyals in the nine (9) month period ended on September 30, 2021G represents the amortization of the deferred supervision fees from the previous year.

Professional Fees

Professional fees increased from 4.9 million Saudi Riyals in 2018G to 6.7 million Saudi Riyals in 2019G mainly due to non-recurring costs associated with evaluating a merger process with Al Ahlia Company during that period.

Professional fees increased from 6.7 million Saudi riyals in 2019 to 10.2 million Saudi riyals in 2020, arising from the costs of the merger process with Al Ahlia Company, estimated at 3.0 million Saudi Riyals.

Professional costs declined from 5.1 million Saudi Riyals in the nine (9) month period ended on September 30, 2010G to 2.8 million Saudi Riyals in the same period ended on September 30, 2021G due to the discontinuation of non-recurring expenses related to the merger process.

Other General and Administrative Expenses

Other expenses declined from 6.7 million Saudi riyals in 2018G to 4.3 million Saudi riyals in 1920G, mainly arising from decline in government expenses by 1.1 million Saudi Riyals.

Other expenses increased from 4.3 million Saudi Riyals in 2019G to 16.3 million Saudi Riyals in 2020G arising from the increase in withholding tax expenses of 7.6 million Saudi Riyals (which represents an increase in withholding tax expense form 2013G to 2019G). The company settled these expenses with the General Authority of Zakat and Taxes) and value added tax of 2.8 million Saudi riyals (representing non-refundable amounts related to the increase in the value added tax rate from 5% to 15%), in addition to Najm company fees related to the vehicles sector amounting to 3.1 million Saudi riyals.

There is no significant change in other expenses in the nine (9) month period ended on September 30, 2021G compared to the same period ended on September 30, 2020G.

6.8.16.3 InvestmentI ncome andCommission

Table No. (40): Investment Income and Commissions

(Thousands Saudi Riyals)	The Ended Financial Year on December 31			Nine Months ended on September 30		Annual Change 2018G - 2019g	Annual Change 2019G - 2020g	Annual Change 2020G - 2021g
	2018G (Audited)	2019G (Audited)	2020G (Audited)	2020G (Non-audited)	2021G (Non-audited)			
Investments and Dividend Income	1,975	4,634	7,592	4,413	5,529	134.6%	63.8%	25.3%
Special commission income on deposits	5,267	9,244	4,681	3,360	7,805	75.5%	(49.4%)	132.3%
Investment income and commissions	7,243	13,878	12,273	7,773	13,334	91.6%	(11.6%)	71.5%

Source: Audited financial statements for the ended financial years on December 31, 2018G, 2019G and 2020G and the unaudited preliminary financial statements for the ended period on September 30, 2021G.

Investment income and commissions increased from 7.2 million Saudi Riyals in 2018G to13.9 million Saudi Riyals in 2019G, leads to an increase in the company's investment portfolio in addition to an increase in the average rate of return as a result of the company's increased investments in Sukuk.

Investment income and commissions decreased by 11.6% to reach 12.3 million Saudi Riyals in 2020G due to the following reasons:

- The commissions income specially on deposits declined from 9.2 million Saudi Riyals in 2019G to 4.7 million Saudi Riyals in 2020G arising from the decline in investments in time deposits during the year. This was partially lead to an increase in investment income and dividend income from 4.6 million Saudi Riyals in 2019G to 7.6 million Saudi Riyals in 2020G mainly due to the realized profits generated by a local real estate fund amounting to 2.1 million Saudi Riyals.

Investment and commission income increased from 7.8 million Saudi Riyals in the nine (9) month period ended on September 30, 2020G to 13.3 million Saudi Riyals in the same period ended on September 30, 2021G, due to all of the following:

- The increase in commissions income specially on deposits from 3.4 million Saudi Riyals in the nine (9) month period ended on September 30, 2020G to 7.8 million Saudi Riyals in the same period ended on September 30, 2021G, due to the increase in time deposits at the ended year on 2020G arising from the merger process with Al Ahlia Company .

- Investment income and dividend income increased from 4.4 million Saudi Riyals in the nine (9) month period ended on September 30, 2020G to 5.5 million Saudi Riyals in the same period ended on September 30, 2021G, in line with the increase in the size of the company's investment portfolio.

6.8.16.4 Other Revenues

Other revenues amounting to 7.3 million Saudi Riyals in the nine (9) month period ended on September 30, 2021G mainly includes the company's share of the profits of the Umrah Fund from Tawunyia Company.

6.8.17 Total Comprehensive Loss for the year/period

The comprehensive loss increased from 1.2 million Saudi Riyals in 2018G to 41.1 million Saudi Riyals in 2020G. This is mainly due to the decline in net underwriting income from 67.9 million Saudi Riyals in 2018G to 49.0 million Saudi Riyals in 2019G (due to the high net loss rate in the health and vehicle sectors) in addition to an annual increase in general and administrative expenses from 78.7 million Saudi Riyals in 2018G to 102.1 million Saudi Riyals in 2020G. This is mainly driven by the health sector, which recorded a decline in net underwriting results from an income of 20.5 million Saudi Riyals in the nine (9) month period ended on September 30, 2020G, to a loss of 88.2 million Saudi Riyals in the nine (9) month period ended on September 30, 2021G,
Comprehensive loss increased from 3.7 million Saudi Riyals in the nine (9) month period ended on September 30, 2020G to 124.4 million Saudi Riyals in the nine (9) month period ended on September 30, 2021G.

6.9 Statement of Financial Position

The following table provides a summary of the company's statement of financial position as of December 31, 2018G, December 31, 2019G, December 31, 2020G, and September 30, 2021G.

Table No. (41): Statement of Financial Position

(Thousands Saudi Riyals)	The Ended Financial Year on 31 December			September 30, 2021G (Unaudited)	Annual Change 2018G - 2019G	Annual Change 2019G - 2020G	Change on December 2020G – December 2021G
	2018G (Audited)	2019G (Audited)	2020G (Audited)				
Total Assets	638,956	706,122	1,139,718	964,904	10.5%	61.4%	(15.3%)
Total Liabilities	471,508	561,619	867,386	816,992	19.1%	54.4%	(5.8%)
Total Shareholders' Equity	167,448	144,503	272,332	147,912	(13.7%)	88.5%	(45.7%)
Total Liabilities and Shareholders' Equity	638,956	706,122	1,139,718	964,904	10.5%	61.4%	(15.3%)

Source: Audited financial statements for the ended financial years on December 31, 2018G, 2019G and 2020G and the unaudited preliminary financial statements for the ended period on September 30, 2021G.

Total Assets

Total assets increased by 10.5% as on December 31, 2019G to reach 706.1 million Saudi Riyals compared to 639.0 million Saudi Riyals as on December 31, 2018G. This is mainly due to the increase in investments, net receivable insurance and reinsurance premiums from 64.8 million Saudi Riyals and 112.6 million Saudi Riyals, respectively, as on December 31, 2018G, to 166.1 million Saudi Riyals and 182.4 million Saudi Riyals, respectively, as on December 31, 2019G. This is partially raised of the decline in short-term deposits and reinsurance share of the existing claims from 167.7 million Saudi Riyals and 64.7 million Saudi Riyals, respectively as on December 31, 2018G, to 90.3 million Saudi Riyals and 26.7 million Saudi Riyals, respectively as on December 31, 2019G.

Total assets increased by 61.4% as on December 31, 2020G, to reach 1,139.7 million Saudi Riyals. This mainly raised from the merger process of the business with Al Ahlia Company, which led to the acquisition of assets amounting to 334.2 million Saudi Riyals as on the effective date of the merger (on December 06, 2020G). In addition to the inclusion of the goodwill arising from the merger amounting to 103.8 million Saudi Riyals as on December 31, 2020G.

Total assets declined by 15.3% as on September 30, 2021G to reach 964.9 million Saudi Riyals. This is mainly due to the net loss incurred during the period, which was mainly funded from cash and cash equivalent accounts and short-term deposits, which declined from 179.5 million Saudi Riyals and 126.6 million Saudi Riyals, respectively, as on December 31, 2020G, to 120.9 million Saudi Riyals and zero Saudi Riyals, respectively, as on September 30, 2021G.

Total Liabilities

Total liabilities increased by 19.1% as on December 31, 2019G to reach 561.6 million Saudi Riyals compared to 471.5 million Saudi Riyals as on December 31, 2018G. This is mainly due to an increase in the unearned premiums and the incurred liabilities but not reported from 183.4 million Saudi Riyals and 68.0 million Saudi Riyals, respectively, as on December 31, 2018G, to 257.5 million Saudi Riyals and 97.3 million Saudi Riyals, respectively, as on December 31, 2019G.

Total liabilities increased by 54.4% as on December 31, 2020G, to reach 867.4 million Saudi Riyals. The Company has acquired liabilities amounting to 269.0 million Saudi Riyals arising from the merger process with Al Ahlia Company on December 06, 2020G, and an increase in the incurred liabilities that were not reported to the company from 97.3 million Saudi Riyals as on December 31, 2019 to 170.9 million Saudi Riyals as on December 31 2020G based on the actuary recommendation.

This is mainly arising from a decline in the unearned insurance premiums from 375.6 million Saudi Riyals as on December 31, 2020G to 256.3 million Saudi Riyals as on September 30, 2021G, regarding the decline in the company's business in the health sector in the nine (9) month period ended on September 30, 2021G. This partially leads to an increase in incurred non-reported liabilities and payables from 170.9 million Saudi Riyals and 72.1 million Saudi Riyals, respectively as on December 31, 2020G, to 213.7 million Saudi Riyals and 89.7 million Saudi Riyals, respectively as on September 30 2021G.

Total Shareholders' Equity

Total shareholders' equity declined by 13.7% as on December 31, 2019G to reach 144.5 million Saudi Riyals compared to 167.4 million Saudi Riyals as on December 31, 2018G, as a result of the company incurring a net loss in 2019G.

Total shareholders' equity increased by 88.5% as on December 31, 2020G, to reach 272.3 million Saudi Riyals, mainly due to issuing new shares during the merger process with Al Ahlia Company, which led to an increase in the company's capital by 79.5 million Saudi Riyals and the proof of an issuance premium of 89.5 million Saudi Riyals. This was partially leads to an increase in accumulated losses from 14.0 million Saudi Riyals as on December 31, 2019G to 59.5 million Saudi Riyals as on December 31, 2020G due to the company incurring a net loss in the year 2020G.

Total shareholders' equity decreased by 45.7% as on September 30, 2021G to reach 147.9 million, Saudi Riyals as a result of recording a comprehensive net loss of 124.4 million Saudi Riyals during the nine (9) month period ended on September 30, 2021G.

6.9.1 Assets

The following table shows the company's total assets as on December 31, 2018G, December 31, 2019G, December 31, 2020G, and September 30, 2021G.

Table No. (42): Assets

(Thousands Saudi Riyals)	The Ended Financial Year on 31 December			September 30, 2021G (Unaudited)	Annual Change 2018G - 2019G	Annual Change 2019G - 2020G	Change on December 2020G –December 2021G
	2018G (Audited)	2019G (Audited)	2020G (Audited)				
Cash and Cash Equivalents	22,125	66,863	179,508	120,946	202.2%	168.5%	(32.6%)
Short-term Deposits	167,709	90,322	126,571	-	(46.1%)	40.1%	(100.0%)
Receivables Insurance and Reinsurance Premiums - Net	112,591	182,356	206,569	148,907	62.0%	13.3%	(27.9%)
Receivables Insurance Premiums –Related Parties -Net	2,723	9,817	8,311	6,866	260.6%	(15.3%)	(17.4%)
Reinsurers' Share of Unearned Premiums	62,539	39,619	36,475	43,977	(36.6%)	(7.9%)	20.6%
Reinsurers' Share of Existing Liabilities	64,694	26,723	48,489	49,553	(58.7%)	81.5%	2.2%
Reinsurers' Share of incurred but not reported liabilities	33,170	23,289	20,063	22,011	(29.8%)	(13.9%)	9.7%
Costs of acquiring deferred insurance policies	10,716	19,545	29,475	19,933	82.4%	50.8%	(32.4%)
Surplus of Deferred Insurance Premium Losses	-	-	-	1,854	-	-	-
Investments	64,830	166,095	257,059	288,748	156.2%	54.8%	12.3%
Due from Related Parties -Net	14,762	-	-	-	(100.0%)	-	-
Advance Paid Expenses and Other Assets	13,406	18,630	30,821	46,191	39.0%	65.4%	49.9%
Long-term deposits	35,512	20,160	-	40,033	(43.2%)	(100.0%)	-
Properties and Equipment	5,849	6,213	10,770	9,022	6.2%	73.3%	(16.2%)
Right of Use Assets	-	7,231	9,279	7,841	-	28.3%	(15.5%)
Intangible Assets	2,856	3,092	12,107	13,073	8.2%	291.6%	8.0%
Goodwill	-	-	103,787	103,787	-	-	-
Statutory Deposit	22,500	22,500	52,871	34,421	-	135.0%	(34.9%)
Due Income on Statutory Deposit	2,973	3,666	7,563	7,739	23.3%	106.3%	2.3%
Total Assets	638,956	706,122	1,139,718	964,904	10.5%	61.4%	(15.3%)

Source: Audited financial statements for the ended financial years on December 31, 2018G, 2019G and 2020G and the unaudited preliminary financial statements for the ended period on September 30, 2021G.

6.9.1.1 Cash and Cash Equivalent

The following table shows cash and cash equivalents as on December 31, 2018G, December 31, 2019G, December 31, 2020G, and September 30, 2021G.

Table No. (43): Cash and Cash Equivalent

(Thousands Saudi Riyals)	The Ended Financial Year on 31 December			September 30, 2021G (Unaudited)	Annual Change 2018G -2019G	Annual Change 2019G -2020G	Change on December 2020G –December 2021G
	2018G (Audited)	2019G (Audited)	2020G (Audited)				
Cash in Hand	55	32	20	20	(42.3%)	(36.7%)	-
Balances with Banks -Current Accounts	14,063	8,890	41,921	19,847	(36.8%)	371.5%	(52.7%)
Time Deposits	8,007	57,941	137,567	101,079	623.7%	137.4%	(26.5%)
Cash and Cash Equivalents	22,125	66,863	179,508	120,946	202.2%	168.5%	(32.6%)
Cash in Hand	0.3%	0.0%	0.0%	0.0%			
Balances with Banks -Current Accounts	63.6%	13.3%	23.4%	16.4%			
Time Deposits	36.2%	86.7%	76.6%	83.6%			
Cash and Cash Equivalents	100.0%	100.0%	100.0%	100.0%			

Source: Audited financial statements for the ended financial years on December 31, 2018G, 2019G and 2020G and the unaudited preliminary financial statements for the ended period on September 30, 2021G.

Cash and cash equivalents consist of cash in hand, current accounts with banks and time deposits with original maturity of less than three months from the date of acquisition. The majority of bank accounts are with HSBC Bank. The majority of time deposits are with Alawwal Capital and Alkhabeer Capital.

Cash and cash equivalents increased by 202.2% to reach 66.9 million Saudi Riyals as on December 31, 2019G compared to 22.1 million Saudi Riyals as on December 31, 2018G, paid by an increase in time deposits (with an original maturity of less than three months) from 8.0 million Saudi Riyals to 57.9 million Saudi Riyals for the same period. Due to the maturity of time deposits with a maturity of more than three months and partly investing in time deposits with a maturity of less than three months.

Cash and cash equivalents increased by 168.5% to reach 179.5 million Saudi Riyals as on December 31, 2020G, mainly due to the merger process with Al Ahlia Company, which led to the addition of 147.4 million Saudi Riyals to the cash and cash equivalents item as on December 6, 2020G.

Cash and cash equivalents declined by 32.6% to reach 120.9 million Saudi Riyals as on September 30, 2021G, to finance operating activities arising from the net loss incurred in the nine months ended on September 30, 2021G.

6.9.1.2 Short-term Deposits

Short-term deposits consist of time deposits with banks with maturity dates of more than three months from the date of their original deposit. Table No. (42) "Assets" shows the balances as on December 31, 2018G, December 31, 2019G, December 31, 2020G, and September 30, 2021G.

The balance of short-term deposits declined by 46.1% to reach 90.3 million Saudi Riyals as on December 31, 2019G compared to 167.7 million Saudi Riyals as on December 31, 2018G, arising from the time deposits maturity and the use of due balances in investments and time deposits with maturities of less than three months (including in Cash and Cash Equivalents).

The balance of short-term deposits increased to reach 126.6 million Saudi Riyals as on December 31, 2020G, compared to 90.3 million Saudi Riyals as on December 31, 2019G. This is mainly due to the acquisition of short-term deposits amounting to 40.3 million Saudi Riyals on December 6, 2020G, arising from the merger process with Al Ahlia Company.

The balance of short-term deposits declined from 126.6 million Saudi Riyals as on December 31, 2020G to zero, as on September 30, 2021G. This arises from the maturity of time deposits and investing the due balances in long-term deposits and other investments, in addition to using part of these deposits to finance operating activities arising from the incurred net loss in the nine months ended on September 30, 2021G.

6.9.1.3 Insurance and Reinsurance Premiums Receivable

The following table shows the net insurance and reinsurance premiums receivable as on December 31, 2018G, December 31, 2019G, December 31, 2020G, and September 30, 2021G.

Table No. (44): Insurance and Reinsurance Premiums Receivable -Net

(Thousands Saudi Riyals)	The Ended Financial Year on 31 December			September 30, 2021G (Unaudited)	Annual Change 2018G - 2019G	Annual Change 2019G - 2020G	Change on December 2020G –December 2021G
	2018G (Audited)	2019G (Audited)	2020G (Audited)				
Insurance Policyholders	99,786	149,499	197,986	147,218	49.8%	32.4%	(25.6%)
Insurance Brokers	26,727	27,654	36,558	38,516	3.5%	32.2%	5.4%
Receivables from Reinsurers	25,390	48,989	20,987	15,932	92.9%	(57.2%)	(24.1%)
Total Insurance and Reinsurance Premiums Receivable	151,903	226,143	255,531	201,666	48.9%	13.0%	(21.1%)
Less: Provision against Insurance Policyholders' Receivables	(31,468)	(35,108)	(37,890)	(38,381)	11.6%	7.9%	1.3%
Less: Provision for Insurance Brokers' Receivables	(4,844)	(3,826)	(5,594)	(9,040)	(21.0%)	46.2%	61.6%
Less: Provision for Reinsurance Receivables	(3,000)	(4,853)	(5,478)	(5,338)	61.8%	12.9%	(2.6%)
Total Provision for Doubtful Receivables	(39,312)	(43,787)	(48,962)	(52,759)	11.4%	11.8%	7.8%
Insurance and Reinsurance Premiums Receivable -Net	112,591	182,356	206,569	148,907	62.0%	13.3%	(27.9%)

Source: Audited financial statements for the ended financial years on December 31, 2018G, 2019G and 2020G and the unaudited preliminary financial statements for the ended period on September 30, 2021G.

The insurance premiums receivable consists of the net debit balances of a group of customers (insurance policyholders and insurance brokers) mainly in the Kingdom of Saudi Arabia. Receivables from reinsurers consist of net receivables accounts to insurance and reinsurance companies, primarily in the Middle East and Europe. The balances of the top 10 customers constitute 34%, 39%, 23% and 19% of the receivable premiums as on December 31, 2018G, December 31, 2019G, December 31, 2020G and September 30, 2021G, respectively.

The Company does not enter into insurance and reinsurance contracts except with other parties with recognized creditworthiness. The company's policy stated that all customers who wish to trade on credit terms shall comply with the credit check procedures. In addition, receivables are supervised on an ongoing basis to reduce the Company's exposure to bad debts. All receivable accounts shall be in Saudi Riyals (SAR). The Company's terms generally require that premiums be settled within 90 days. Arrangements with reinsurers usually require a settlement if the balance exceeds the specific agreed amount.

The net insurance and reinsurance receivable premiums increased from 112.6 million Saudi Riyals as on December 31, 2018G to 182.4 million Saudi Riyals as on December 31, 2019G, arising from the increase in the net balances of insurance policyholders and receivables from reinsurers from 99.8 million Saudi Riyals and 25.4 million Saudi Riyals, respectively, as on December 31, 2018G, to 149.5 million Saudi Riyals and 49.0 million Saudi Riyals, respectively, as on December 31, 2019G. This is complementary to the growth of the company's business and the rise in the total written premiums during 2019G compared to 2018G.

The business merger process with Al Ahlia Company arised from adding an amount of 45.9 million Saudi Riyals to the net insurance and reinsurance premiums item as on December 06, 2020G. This was the main reason for the increase in the net insurance and reinsurance premiums receivable to 206.6 million Saudi Riyals as on December 31, 2020G. This was partially depreciated in receivables from reinsurers of the Gulf Union Alahlia Cooperative Insurance Company from 48.9 million Saudi Riyals to 20.9 million Saudi Riyals during the same period.

The amount of 45.9 million Saudi Riyals acquired on business merger represents the net value of owed insurance and reinsurance premiums to Al Ahlia Company. As the provision for doubtful receivables has not been separated, the net amount has been added to the total insurance and reinsurance receivable premiums. Accordingly, the total insurance and reinsurance premiums receivable as on December 31, 2020G and September 30, 2021G includes the provision for doubtful receivables for the Al Ahlia Company as on December 6, 2020G, amounting to 31.4 million Saudi Riyals.

The net insurance and reinsurance premiums receivable decreased from 206.6 million Saudi Riyals as on December 31, 2020G to 148.9 million Saudi Riyals as on September 30, 2021G, which was mainly due to the improvement of collection procedures, which led to the collection of a number of due balances from insurance policyholders.

Table No. (45): Ages of Insurance and Reinsurance Premiums Receivable

(Thousands Saudi Riyals)	The Ended Financial Year on 31 December			September 30, 2021G (Unaudited)	Annual Change 2018G - 2019G	Annual Change 2019G - 2020G	Change on December 2020G –December 2021G
	2018G (Audited)	2019G (Audited)	2020G (Audited)				
Not past due and not impaired	77,245	102,411	115,657	93,456	32.6%	12.9%	(19.2%)
From 91 to 180 Days	8,994	51,175	58,048	23,270	469.0%	13.4%	(59.9%)
From 181 to 360 Days	24,127	28,415	24,131	21,180	17.8%	(15.1%)	(12.2%)
More than 360 Days	41,537	44,141	57,696	63,760	6.3%	30.7%	10.5%
Past Due and Impaired	74,658	123,732	139,875	108,210	65.7%	13.0%	(22.6%)
Total	151,903	226,143	255,531	201,666	48.9%	13.0%	(21.1%)

Source: Audited financial statements for the ended financial years on December 31, 2018G, 2019G and 2020G and the unaudited preliminary financial statements for the ended period on September 30, 2021

The ages of insurance and reinsurance premiums debited in the above table indicate that 27.3%, 19.5%, 22.6% and 31.6% of the total insurance and reinsurance premiums debited as on December 31, 2018G, December 31, 2019G, December 31, 2020G and September 30, 2021G, respectively, have been existed for a period of more than one year.

Table No. (46): Movement in the Provision for Doubtful Receivables

(Thousands Saudi Riyals)	The Ended Financial Year on 31 December			September 30, 2021G (Unaudited)	Annual Change 2018G -2019G	Annual Change 2019G - 2020G	Change on December 2020G – December 2021G
	2018G (Audited)	2019G (Audited)	2020G (Audited)				
Balance on 01 January	42,154	39,312	43,787	48,962	(6.7%)	11.4%	11.8%
Provision (reverse) for the year/period - Net	(2,821)	4,475	7,619	4,678	(258.6%)	70.3%	(38.6%)
Written off Installments	(21)	-	(2,444)	(882)	(100.0%)	-	(63.9%)
Balance at the end of the year/period	39,312	43,787	48,962	52,759	11.4%	11.8%	7.8%

Source: Audited financial statements for the ended financial years on December 31, 2018G, 2019G and 2020G and the unaudited preliminary financial statements for the ended period on September 30, 2021G.

Provision for Doubtful Debts

The company classifies the balances as "overdue and impaired" according to its study of each case separately, and prepares technical provisions in accordance with what is stipulated in Article No. (69) of the Executive Regulations of the Saudi Central Bank as a minimum. In 2020G, during the Coronavirus (COVID-19) pandemic, the Saudi Central Bank agreed to use the due date method to calculate the provision for doubtful depts. As on September 30, 2021G, the management adopted the due date method in calculating the provision for doubtful depts (unlike previous periods in which the provision was calculated based on the date of the policy's entry into force).

Provision for doubtful depts constituted 25.9%, 19.4%, 19.2%, and 26.2% of the total insurance and reinsurance premiums debts as on December 31, 2018, December 31, 2019, December 31, 2020 and September 30, 2021, respectively.

Insurance and reinsurance premiums classified as overdue and impaired increased from 74.7 million SAR as on December 31, 2018G to 139.9 million SAR as on December 31, 2020, which led to the increase in the provision for doubtful depts from 39.3 million SAR to 49.0 million SAR during the same period.

Insurance and reinsurance premiums classified as overdue and impaired decreased from 139.9 million SAR as on December 31, 2020G to 108.2 million SAR as on September 30, 2021G, while the provision for doubtful depts increased by 3.9 million SAR during the same period, due to the transfer of some customers to dispute issues which resulted in the increase in the provision.

6.9.1.4 Receivables Insurance Premiums - Related Parties - Net

Table No. (47): Receivables Insurance Premiums - Related Parties - Net

(Thousand Saudi Riyals)	Fiscal year ended on December 31			September 30, 2021G (Unaudited)	Annual Change 2018G - 2019G	Annual Change 2019G - 2020G	Annual Change 2020G - 2021G
	2018G (Audited)	2019G (Audited)	2020G (Audited)				
Accounts receivable from related parties	3,203	10,211	10,038	9,039	218.8%	(1.7%)	(10.0%)
Less: provision for doubtful accounts depts	(480)	(393)	(1,727)	(2,173)	(18.1%)	339.4%	25.8%
Receivables insurance premiums - related parties - net	2,723	9,817	8,311	6,866	260.5%	(15.3%)	(17.4%)

Source: Audited financial statements for the fiscal years ending on December 31, 2018, 2019 and 2020 and the unaudited preliminary financial statements for the period ending on September 30, 2021

Table No. (48): Age of Receivables Insurance Premiums - Related Parties

(Thousand Saudi Riyals)	Fiscal year ended on December 31			September 30, 2021G (Unaudited)	Annual Change 2018G - 2019G	Annual Change 2019G - 2020G	Annual Change 2020G - 2021G
	2018G (Audited)	2019G (Audited)	2020G (Audited)				
Not Overdue and Not Impaired	856	8,364	3,952	2,230	877.1%	(52.7%)	(43.6%)
From 91 to 180 days	966	443	1,507	2,105	(54.1%)	240.2%	39.7%
From 181 to 360 days	979	919	3,083	2,961	(6.1%)	235.5%	(3.9%)
Over 360 days	401	484	1,496	1,743	20.7%	209.1%	16.5%
Overdue and Impaired	2,347	1,846	6,086	6,810	(21.3%)	229.7%	11.9%
Total	3,203	10,211	10,038	9,039	218.8%	(1.7%)	(9.9%)

Source: Audited financial statements for the fiscal years ending on December 31, 2018, 2019 and 2020 and the unaudited preliminary financial statements for the period ending on September 30, 2021

As on September 30, 2021G, approximately 70% of receivables from related parties were due from two parties (57% and 94% from two parties as on December 31, 2020 and December 31, 2019G, respectively).

The company's conditions generally require the settlement of premiums within ninety days, but the receivables of insurance premiums from related parties over ninety days represent 75.3% of the total insurance premiums. On the basis of past experience, the Company believes that insurance premiums for non-impaired receivables from related parties are fully recoverable. The Company does not obtain guarantees on these receivables, and therefore all receivables are unsecured.

The net receivables insurance premiums from related parties increased from 2.7 million SAR as on December 31, 2018G to 9.8 million SAR as on December 31, 2019G mainly driven by the increase in net written insurance premiums from related parties from 10.8 million SAR in the year 2018G to 17.4 million Saudi riyals in the year 2019G.

The net receivables insurance premiums from related parties decreased from 9.8 million Saudi riyals as on December 31, 2019 to 8.3 million Saudi riyals as on December 31, 2020. In the year 2020, an additional provision of 1.3 million Saudi riyals was made due to the increase in receivable insurance premiums classified as overdue and impaired from 1.8 million Saudi riyals as on December 31, 2019 to 6.1 million Saudi riyals as on December 31, 2020.

The net receivables insurance premiums from related parties decreased from 8.3 million SAR as on December 31, 2020G to 6.9 million SAR as on September 30, 2021G due to a slight decrease in the written net insurance premiums from related parties in addition to the increase in the provision for doubtful debts from 1.7 million Saudi riyals as on December 31, 2020G to 2.2 million Saudi riyals as on September 30, 2021G.

6.9.1.5 Deferred Policy Acquisition Costs

The following table shows the movement in deferred policy acquisition costs as on December 31, 2018, December 31, 2019, December 31, 2020 and September 30, 2021.

Table No. (49): Movement in deferred policy acquisition costs

(Thousand Saudi Riyals)	Fiscal year ended on December 31			September 30, 2021G (Unaudited)	Annual Change 2018G - 2019G	Annual Change 2019G - 2020G	Annual Change 2020G - 2021G
	2018G (Audited)	2019G (Audited)	2020G (Audited)				
Opening Balance	9,544	10,716	19,545	29,475	12.3%	82.4%	50.8%
Incurred during the year/period	18,551	37,658	44,284	41,639	103.0%	17.6%	(6.0%)
Additions of Merge	-	-	7,540	-	-	-	(100.0%)
Amortized/ Earned During/ Period	(17,379)	(28,829)	(41,895)	(51,181)	65.9%	45.3%	22.2%
Final Balance	10,716	19,545	29,475	19,933	82.4%	50.8%	(32.4%)

Source: Audited financial statements for the fiscal years ending on December 31, 2018, 2019 and 2020 and the unaudited preliminary financial statements for the period ending on September 30, 2021

The deferred policy acquisition costs mainly include the commissions of brokers, agents and the company's marketing team. Underwriting costs related to the issuance of new policies are recorded as deferred underwriting costs and are amortized in the income statement over the relevant insurance coverage period.

The following table presents an analysis of the deferred policy acquisition costs according to the sector as on December 31, 2018, December 31, 2019, December 31, 2020, and September 30, 2021.

Table No. (50): Deferred Policy Acquisition Costs

Insurance Type (Thousand Saudi Riyals)	Fiscal year ended on December 31			September 30, 2021G (Unaudited)	Annual Change 2018G - 2019G	Annual Change 2019G - 2020G	Annual Change 2020G - 2021G
	2018G (Audited)	2019G (Audited)	2020G (Audited)				
Health	4,054	12,864	17,798	8,933	217.3%	38.4%	(49.8%)
Vehicles	5,685	4,900	7,239	7,205	(13.8%)	47.7%	(0.5%)
Property and Accidents	977	1,781	4,439	3,795	82.3%	149.2%	(14.5%)
Deferred Policy Acquisition Costs	10,716	19,545	29,475	19,933	82.4%	50.8%	(32.4%)
As a percentage of paid commissions according to the sector							
Health	58.0%	60.9%	55.2%	43.8%			
Vehicles	64.3%	39.9%	58.7%	52.5%			
Property and Accidents	35.9%	41.9%	61.3%	50.6%			
All Sectors	57.8%	51.9%	56.9%	47.9%			

Source: Audited financial statements for the fiscal years ending on December 31, 2018, 2019 and 2020 and the unaudited preliminary financial statements for the period ending on September 30, 2021

The deferred policy acquisition costs related to the health sector and the vehicles sector represent 90.9%, 90.9%, 84.9% and 81.0% of the total costs of deferred policy acquisition as on December 31, 2018, December 31, 2019, December 31, 2020 and September 30, 2021, respectively.

The costs of deferred policy acquisition increased from 10.7 million Saudi riyals as on December 31, 2018 to 29.5 million Saudi riyals as on December 31, 2020, mainly due to the increase in underwriting insurance premiums in the health and vehicles sector through brokers and agents during this period, in addition to the additions of the merger, amounting to 7.5 million Saudi riyals, in the year 2020.

The costs of deferred policy acquisition decreased by 32.4% to reach 19.9 million Saudi riyals as on September 30, 2021G, compared with 29.5 million Saudi riyals as on December 31, 2020G due to the decrease in the costs of deferred policy acquisition for the health sector by 49.8% from 17.8 million riyals as on 31 December 2020G to 8.9 million Saudi riyals as on September 30, 2021G, in line with the decrease in total written insurance premiums in the health sector during the same period.

6.9.1.6 Investments

The following table shows the investments as on December 31, 2018, December 31, 2019, December 31, 2020, and September 30, 2021.

Table No. (51): Classification of Investments

(Thousand Saudi Riyals)	Fiscal year ended on December 31			September 30, 2021G (Unaudited)	Annual Change 2018G - 2019G	Annual Change 2019G - 2020G	Annual Change 2020G - 2021G
	2018G (Audited)	2019G (Audited)	2020G (Audited)				
Available for Sale	21,973	138,843	224,005	251,528	531.9%	61.3%	12.3%
Held to Maturity	42,857	27,252	33,054	37,221	(36.4%)	21.3%	12.6%
Total Investment	64,830	166,095	257,059	288,748	156.2%	54.8%	12.3%

Source: Audited financial statements for the fiscal years ending on December 31, 2018, 2019 and 2020 and the unaudited preliminary financial statements for the period ending on September 30, 2021

Table No. (52): Movement of Investments

(Thousand Saudi Riyals)	Fiscal year ended on December 31			September 30, 2021G (Unaudited)	Annual Change 2018G - 2019G	Annual Change 2019G - 2020G	Annual Change 2020G - 2021G
	2018G (Audited)	2019G (Audited)	2020G (Audited)				
At the Beginning of the Year/ Period	54,175	64,830	166,095	257,059	19.7%	156.2%	54.8%
Acquisition During the Year/ Period	115,580	113,600	117,439	39,219	(1.7%)	3.4%	(66.6%)
Additions from Merger	-	-	14,414	-	-	-	(100.0%)
Disposals During the Year/ Period	(103,202)	(20,605)	(45,641)	(5,764)	(80.0%)	121.5%	(87.4%)
Unrealized Gain (loss)	(2,362)	8,271	4,845	(1,766)	(450.2%)	(41.4%)	(136.5%)
Gain (loss) on disposals	639	-	1,212	-	(100.0%)	-	(100.0%)
Reclassified from equity to condensed interim statement of income	-	-	(1,304)	-	-	-	(100.0%)
At the End of the Year/ Period	64,830	166,095	257,059	288,748	156.2%	54.8%	12.3%

Source: Audited financial statements for the fiscal years ending on December 31, 2018, 2019 and 2020 and the unaudited preliminary financial statements for the period ending on September 30, 2021

Table No. (53): Nature of Investments

(Thousand Saudi Riyals)	Fiscal year ended on December 31			September 30, 2021G (Unaudited)	Annual Change 2018G - 2019G	Annual Change 2019G - 2020G	Annual Change 2020G - 2021G
	2018G (Audited)	2019G (Audited)	2020G (Audited)				
Investment Funds	20,050	40,939	44,504	57,433	104.2%	8.7%	29.1%
Common Shares	1,923	1,923	3,846	3,846	-	100.0%	-
Sukuk	42,857	123,234	208,709	227,469	187.5%	69.4%	9.0%
Total Investments	64,830	166,095	257,059	288,748	156.2%	54.8%	12.3%

Source: Audited financial statements for the fiscal years ending on December 31, 2018, 2019 and 2020 and the unaudited preliminary financial statements for the period ending on September 30, 2021

Investment Funds

The company classifies most of the investment funds among the available for sale investments.

The balance in investment funds increased by 104.2% from 20.1 million SAR as on December 31, 2018G to 40.9 million SAR as on December 31, 2019G, mainly as a result of the company's investment in the trade finance fund, where the value of the company's owned units amounted to 15.3 million SAR as on December 31, 2019G.

The balance in investment funds increased to 44.5 million Saudi riyals as on December 31, 2020G, mainly due to the rise in unrealized gains on some funds, especially one of the local real estate funds.

As on September 30, 2021, the balance in investment funds increased by 29.1% to reach 57.4 million Saudi riyals as a result of the company's increased investment in the trade finance fund driven by the high return on this fund.

Shares

The shares represent the company's share in Najm Company for Insurance Services shares. During the year 2020G, Al Ahlia Company share amounting to 1.9 million Saudi riyals was added. Shares are classified as available for sale investments.

Sukuk

The company classifies the sukuk from among the investments available for sale, except for some sukuk issued by companies with a value of 12.0 million Saudi riyals as on September 30, 2021G, which are classified as held to maturity investments.

The sukuk balance increased from 42.8 million Saudi riyals as on December 31, 2018G to 123.2 million Saudi riyals as on December 31, 2019G, as a result of the company's acquisition of additional Saudi government sukuks with a value of 47.0 million Saudi riyals and Aramco's sukuk with a value of 18.8 million Saudi riyals in addition to sukuk Issued by local and international banks with a value of 28.2 million Saudi riyals, in return for the maturity of sukuks issued by companies and banks amounting to 13.9 million Saudi riyals and selling sukuks amounting to 3.0 million Saudi riyals.

The sukuk balance increased from 123.2 million Saudi riyals as on December 31, 2019G to 208.7 million Saudi riyals as on December 31, 2020G, mainly due to the addition of Saudi government sukuks amounting to 87.4 million Saudi riyals against the maturity of sukuks issued by banks amounting to 7.3 million Saudi riyals.

The sukuk balance increased to 227.5 million Saudi riyals as on September 30, 2021G, mainly as a result of the increase in the company's investments in Saudi government sukuks amounting to 15.5 million Saudi riyals and international banks' sukuks with a value of 3.8 million Saudi riyals.

6.9.1.7 Prepaid Expenses and Other Assets

The following table shows prepaid expenses and other assets as on December 31, 2018, December 31, 2019, December 31, 2020, and September 30, 2021.

Table No. (54): Prepaid Expenses and Other Assets

(Thousand Saudi Riyals)	Fiscal year ended on December 31			September 30, 2021G (Unaudited)	Annual Change 2018G - 2019G	Annual Change 2019G - 2020G	Annual Change 2020G - 2021G
	2018G (Audited)	2019G (Audited)	2020G (Audited)				
Najm Company Deferred Fee	-	-	-	13,657	-	-	-
Receivable from Manafeth Investment Fund	2,574	3,169	575	-	23.1%	(81.8%)	(100.0%)
Accounts Receivable for Value Added Tax	-	2,361	2,965	9,774	-	25.5%	229.7%
Hospital Deposits and Bank Guarantees	2,264	2,259	5,337	4,949	(0.2%)	136.3%	(7.3%)
Deferred Supervision Fee	1,708	4,036	7,763	603	136.2%	92.4%	(92.2%)
Due Revenues	22	-	-	-	(100.0%)	-	-
Employees Debts	1,836	1,704	3,434	1,452	(7.2%)	101.5%	(57.7%)
Prepaid Insurance Fee	1,922	-	-	-	(100.0%)	-	-
Prepaid Subscription Fee	-	649	1,704	1,038	-	162.5%	(39.1%)
Prepaid Rent Expenses	1,088	356	530	783	(67.3%)	48.8%	47.7%
Other	1,993	4,096	8,515	13,934	105.5%	107.9%	63.6%
Prepaid Expenses and Other Assets	13,406	18,630	30,821	46,191	39.0%	65.4%	49.9%

Source: Audited financial statements for the fiscal years ending on December 31, 2018, 2019 and 2020 and the unaudited preliminary financial statements for the period ending on September 30, 2021

Prepaid expenses and other assets increased from 13.4 million SAR as on December 31, 2018G to 30.8 million SAR as on December 31, 2020G and continued to increase to reach 46.2 million SAR as on September 30, 2021G.

As on September 30, 2021G, prepaid expenses and other assets mainly include Najm Company deferred fees (SAR 13.7 million) value-added tax receivables (SAR 9.8 million), hospital deposits and bank guarantees (SAR 4.9 million).

Najm Company Deferred Fee

The Najm Company deferred fees represent the fees related to vehicle insurance, as the company receives a monthly invoice from Najm Company, and it is recorded among the prepaid expenses and other assets and amortized during the period of the related documents.

Receivable from Manafeth Investment Fund

This item represents the company's share of the profits of the Manafeth Investment Fund from the compulsory insurance of foreign vehicles entering or transiting Saudi territory through border crossings. The work of the Manafeth Investment Fund ended at the end of the year 2020G, and therefore there are no receivables from the fund as on September 30, 2021G.

Accounts Receivable for Value Added Tax

Accounts receivable for value added tax increased from 2.4 million SAR as on December 31, 2019G to 9.8 million SAR as on September 30, 2021G due to the growth of the company's business.

Hospital Deposits and Bank Guarantees

Some medical service providers require advance deposits as a condition of dealing with insurance companies. Hospital deposits and bank guarantees increased from 2.3 million Saudi riyals as on December 31, 2018G and December 31, 2019G to 5.3 million Saudi riyals as on December 31, 2020G, resulting from the addition of an amount of 3.0 million Saudi riyals from the merger process with Al Ahlia Company.

Deferred Supervision Fee

The deferred supervision fee increased from 1.7 million Saudi riyals as on December 31, 2018G to 7.8 million Saudi riyals as on December 31, 2020G, in line with the increase in the total written insurance premiums during the period.

During the year 2020G, the Saudi Central Bank exempted the company from the annual supervision and inspection costs for a period of three years starting from the first quarter of the year 2021G to support the merger process with Al-Ahlia Company, which led to the decrease in the balance from 7.8 million Saudi riyals as on December 31, 2020G to 0.6 million Saudi Riyals as on September 30, 2021G.

Other

The balance of the other item increased from 2.0 million SAR as on December 31, 2018G to 4.1 million SAR as on December 31, 2019G as a result of the increase in the due revenues on term deposits and various expenses paid in advance.

The balance of the other item increased to 8.5 million Saudi riyals as on December 31, 2020G, due to additions resulting from the merger process with Al-Ahlia Company, amounting to 2.8 million Saudi riyals, in addition to the increase in due revenues on term deposits amounting to 1.9 million Saudi riyals.

The balance of the other item increased to 13.9 million Saudi riyals as of September 30, 2021G, mainly due to the increase in advance expenses related to cybersecurity services, licenses and others, amounting to 5.0 million Saudi riyals.

6.9.1.8 Long Term Deposits

Long term deposits have maturities of more than one year from the original deposit date. Table No. (42) "Assets" shows the balances as on December 31, 2018, December 31, 2019, December 31, 2020, and September 30, 2021.

The balance of long-term deposits decreased from 35.5 million Saudi riyals as on December 31, 2018G to zero Saudi riyals as on December 31, 2020G due to the maturity of long-term deposits.

The deposit balance increased to 40.0 million Saudi riyals as on September 30, 2021G, as a result of the maturity of short-term deposits and investing the due balances in long-term deposits.

6.9.1.9 Property and Equipment, Net

The following table presents property and equipment, net as on December 31, 2018, December 31, 2019, December 31, 2020, and September 30, 2021.

Table No. (55): Property and Equipment, Net

(Thousand Saudi Riyals)	Fiscal year ended on December 31			September 30, 2021G (Unaudited)	Annual Change 2018G - 2019G	Annual Change 2019G - 2020G	Annual Change 2020G - 2021G
	2018G (Audited)	2019G (Audited)	2020G (Audited)				
Furniture, Fixtures and Office Equipment	4,304	4,724	6,938	6,152	9.7%	46.9%	(11.3%)
Computers	1,543	1,490	1,760	1,334	(3.5%)	18.1%	(24.2%)
Cars	2	0	0	0	(100.0%)	-	-
Rental Property Improvements	0	0	2,072	1,537	-	-	(25.9%)
Property and Equipment, Net	5,849	6,213	10,770	9,022	6.2%	73.3%	(16.2%)

Source: Audited financial statements for the fiscal years ending on December 31, 2018, 2019 and 2020 and the unaudited preliminary financial statements for the period ending on September 30, 2021

The net book value of property and equipment increased by 6.2% to reach 6.2 million SAR as on December 31, 1920G, compared to 5.8 million SAR as on December 31, 2018G as a result of additions of 1.7 million SAR (not including depreciation and related mostly to furniture, fixtures and office equipment), which offset by depreciation during the year amounted to 1.4 million Saudi riyals.

The net book value of property and equipment increased by 73.3% to reach 10.8 million Saudi riyals as of December 31, 2020 due to the addition of 2.3 million Saudi riyals to the net property and equipment as a result of the merger with Al-Ahlia Company, which relates mostly to improvements to leased properties (2.1 million Saudi riyals) and additions amounting 2.3 million Saudi riyals in total related to furniture, fixtures and office equipment.

The net book value of property and equipment decreased to 9.0 million SAR due to charged depreciation during the period and the absence of any material additions.

As on the date of this prospectus, the company does not own any real estate owned by it. The company has rented the sites that it uses to carry out its activities.

6.9.1.10 Right-Of-Use Assets

IFRS 16 'Leases' provides a single model for accounting for leases. The lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are optional exemptions for short-term leases and leases of low-value assets.

The company adopted IFRS 16 on January 1, 2019G and recorded rental receivables amounting to 7.2 million SAR, 9.3 million SAR and 7.8 million SAR as a right-of-use asset as on December 31, 2019G, December 31, 2020G, and September 30, 2021G, respectively.

The company rents various offices and stores for points of sale throughout the Kingdom of Saudi Arabia. Leases are typically made for a period of 6 months to 10 years, but may have extension options.

The rent of the company's headquarters was modified during the year 2020G, and this amendment led to the extension of the contractual lease period. The weighted average incremental borrowing rate applied to the adjusted lease liability was 4.0% during the year. The Company has recognized three additional lease contracts as right-of-use assets and lease liabilities arising from the business merger.

6.9.1.11 Intangible Assets

Intangible assets consist in the total of software and information technology costs. The estimated useful life of computer software is five years.

Table No. (42) "Assets" shows the balances as on December 31, 2018, December 31, 2019, December 31, 2020, and September 30, 2021.

Intangible assets increased from 3.1 million Saudi riyals as on December 31, 2019 to 12.1 million Saudi riyals as on December 31, 2020, resulting from an addition of 7.0 million Saudi riyals as a result of the merger with Al-Ahlia Company, in addition to additions to cyber security programs by an amount of 2.0 million Saudi riyals. Intangible assets increased to 13.1 million Saudi riyals as of September 30, 2021G.

6.9.1.12 Goodwill

Refer to subsection "Goodwill" (6.6) of this section for additional details about the goodwill resulting from the merger with Al Ahlia Company, amounting to 103.8 million Saudi riyals as on December 31, 2020 and September 30, 2021.

6.9.1.13 Statutory Deposit

In accordance with the requirements of Article No. (58) of the Executive Regulations of the Cooperative Insurance Companies Control Law issued by the Saudi Central Bank, the company shall maintain a legal deposit of no less than 10% of the paid-up capital. This statutory deposit is deposited with a bank in the Kingdom and can only be withdrawn after approval by the Saudi Central Bank.

In accordance with the instructions of the Saudi Central Bank under the circular issued on March 1, 2016, the company disclosed the commission due from the statutory deposit as on September 30, 2021G on the assets and liabilities side of the financial statements, amounting to 7.7 million Saudi riyals. As on the effective date of the merger process with Al Ahlia Company, the company issued new shares in the amount of 79.5 million Saudi riyals and established an issue premium of 89.5 million Saudi riyals, which led to the increase in the statutory deposit from 22.5 million Saudi riyals as on December 31, 2019G to 52.9 million Saudi riyals on December 31, 2020G. The share premium was used to offset accumulated losses in the nine-month period ending on September 30, 2020G, which led to the reduction of the statutory deposit to 34.4 million SAR as of September 30, 2021G.

6.9.2 Liabilities

The following table shows the liabilities as on December 31, 2018, December 31, 2019, December 31, 2020, and September 30, 2021.

Table No. (56): Liabilities

(Thousand Saudi Riyals)	Fiscal year ended on December 31			September 30, 2021G (Unaudited)	Annual Change 2018G - 2019G	Annual Change 2019G - 2020G	Annual Change 2020G - 2021G
	2018G (Audited)	2019G (Audited)	2020G (Audited)				
Accounts Payable	34,399	47,065	72,108	89,702	36.8%	53.2%	24.4%
Receivables and other liabilities	12,415	19,336	27,905	25,332	55.7%	44.3%	(9.2%)
Reinsurance balances payable	18,517	3,939	15,380	11,396	(78.7%)	290.4%	(25.9%)
Unearned premiums	183,425	257,513	375,589	256,253	40.4%	45.9%	(31.8%)
Unearned reinsurance commission	11,019	9,680	8,826	10,104	(12.1%)	(8.8%)	14.5%
Outstanding Claims	91,354	75,085	104,743	110,061	(17.8%)	39.5%	5.1%
Unreported incurred claims	67,973	97,301	170,898	213,742	43.1%	75.6%	25.1%
Additional Premium Reserve	13,604	5,493	11,295	18,569	(59.6%)	105.6%	64.4%
Other Technical Reserves	4,261	4,980	11,212	14,167	16.9%	125.1%	26.4%
Lease Obligations	-	7,852	7,501	7,507	-	(4.5%)	0.1%
Employee benefit obligations	14,163	15,595	20,659	18,597	10.1%	32.5%	(10.0%)
Zakat and income tax	6,051	2,770	19,959	20,073	(54.2%)	620.6%	0.6%
Creditor Distribution Surplus	11,351	11,343	13,749	13,749	(0.1%)	21.2%	-
Commission income payable to the Saudi Central Bank	2,973	3,666	7,563	7,739	23.3%	106.3%	2.3%
Total Liabilities	471,508	561,619	867,386	816,992	19.1%	54.4%	(5.8%)

Source: Audited financial statements for the fiscal years ending on December 31, 2018, 2019 and 2020 and the unaudited preliminary financial statements for the period ending on September 30, 2021

6.9.2.1 Accounts Payable

Accounts payable increased from 34.4 million SAR as on December 31, 2018G to 47.1 million SAR as on December 31, 2019G, mainly due to the increase in the amounts payable to hospitals and claims evaluators in addition to the increase in the commission owed to insurance brokers.

Accounts payable increased from 47.1 million SAR as of December 31, 2019G to 72.1 million SAR as of December 31, 2020G. The increase was mainly caused by the addition of 18.7 million Saudi riyals during the year 2020G due to the merger with Al-Ahlia Company, in addition to the increase in the commission payable, amounting to 3.9 million Saudi riyals.

Accounts payable increased to 89.7 million Saudi riyals as of September 30, 2021G, due to the increase in the amounts credited to hospitals, driven by the increase in claims attributed to the health sector.

6.9.2.2 Dues and Other Liabilities

The following table shows the accruals and other liabilities as on December 31, 2018, December 31, 2019, December 31, 2020, and September 30, 2021.

Table No. (57): Dues and Other Liabilities

(Thousand Saudi Riyals)	Fiscal year ended on December 31			September 30, 2021G (Unaudited)	Annual Change 2018G - 2019G	Annual Change 2019G - 2020G	Annual Change 2020G - 2021G
	2018G (Audited)	2019G (Audited)	2020G (Audited)				
Due Expenses	9,473	12,840	12,471	17,233	35.6%	(2.9%)	38.2%
Due Withholding Taxes	1,482	4,087	7,223	7,711	175.8%	76.7%	6.8%
Due Supervisory Fees	1,221	2,092	7,015	-	71.3%	235.4%	(100.0%)
Due Employee Benefits	240	317	1,197	388	32.0%	277.4%	(67.5%)
Dues and Other Liabilities	12,415	19,336	27,905	25,332	55.7%	44.3%	(9.2%)

Source: Audited financial statements for the fiscal years ending on December 31, 2018, 2019 and 2020 and the unaudited preliminary financial statements for the period ending on September 30, 2021

Due expenses and other liabilities increased from 12.4 million SAR as on December 31, 2018G to 27.9 million SAR as on December 31, 2020G, and then decreased to 25.3 million SAR as on September 30, 2021G.

Due Expenses

The due expenses item mainly consists of due claims, IT and other expenses payable, delivered checks but not cashed and provision for lawsuits against the company. Due expenses increased from 9.5 million SAR as on December 31, 2018G to 12.8 million SAR as on December 31, 2019G, mainly driven by deferred revenue from the sale of scrap (damaged cars) and the increase in unpaid rental accruals.

Due expenses increased from 12.5 million Saudi riyals as on December 31, 2020G to 17.2 million riyals as on September 30, 2021G, due to the increase in various expenses such as dues to Najm Company, professional fees and a provision for lawsuits against the company.

Due Withholding Taxes

Due withholding taxes increased from 1.5 million Saudi riyals as on December 31, 2018 to 4.1 million Saudi riyals as on December 31, 2019, in line with the increase in reinsurance premiums assigned to international companies.

Due withholding taxes increased from (SAR 4.1 million) as on December 2019G to (SAR 7.2 million) on December 31, 2020G, and then to (SAR 7.7 million) as on September 30, 2021G, resulting from the due withholding taxes of (SAR 5.2 million) required during the process of merging with Al-Ahlia Company in 2020G.

Due Supervisory Fees

Due supervision fees increased from 1.2 million Saudi riyals as on December 31, 2018G to 7.0 million Saudi riyals as on December 31, 2020G, in line with the increase in total written insurance premiums during the period.

In support of the merger process with Al Ahlia Cooperative Insurance Company (Al Ahlia), the Saudi Central Bank exempted the company from annual supervision and inspection costs for a period of three years, starting from the first quarter of 2021G. Accordingly, there are no due supervisory fees as on September 30, 2020G.

6.9.2.3 Reinsurance Balances Payable

Reinsurance balances payable represent the reinsurance premiums assigned and payable under reinsurance transactions and agreements, which are subject to adjustments according to reinsurance commissions payable from reinsurers and the reinsurers' share of paid claims.

Reinsurance balances payable decreased from 18.5 million Saudi riyals as on December 31, 2018G to 3.9 million Saudi riyals as on December 31, 2019G due to the payment of reinsurance payable dues.

Reinsurance balances payable increased from 3.9 million Saudi riyals as on December 31, 2019G to 15.4 million Saudi riyals as on December 31, 2020G, resulting from the addition of 3.9 million Saudi riyals from the merger process with Al Ahlia Company, in addition to the increase in the balances owed to SCORE.

Reinsurance balances payable decreased to 11.4 million Saudi riyals as of September 30, 2021G due to the payment of the reinsurance payable dues.

6.9.2.4 Unearned premiums and Reinsurers' share of unearned premiums

The following table presents the unearned premium reserve and the reinsurer's share of unearned premiums as on December 31, 2018, December 31, 2019, December 31, 2020 and September 30, 2021.

Table No. (58): Unearned Insurance Premiums and Reinsurers' Share of Unearned Insurance Premiums

Insurance Type (Thousand Saudi Riyals)	Fiscal year ended on December 31			September 30, 2021G (Unaudited)	Annual Change 2018G - 2019G	Annual Change 2019G - 2020G	Annual Change 2020G - 2021G
	2018G (Audited)	2019G (Audited)	2020G (Audited)				
Health	66,524	178,171	225,562	113,331	167.8%	26.6%	(49.8%)
Vehicles	101,005	53,936	107,129	106,831	(46.6%)	98.6%	(0.3%)
Property and Accidents	15,895	25,405	42,897	36,091	59.8%	68.9%	(15.9%)
Total Unearned Premiums	183,425	257,513	375,589	256,253	40.4%	45.9%	(31.8%)
Health	(10,386)	-	-	-	(100.0%)	-	-
Vehicles	(40,549)	(21,787)	(16,855)	(26,232)	(46.3%)	(22.6%)	55.6%
Property and Accidents	(11,603)	(17,832)	(19,619)	(17,745)	53.7%	10.0%	(9.6%)
Reinsurers' share of unearned premiums	(62,538)	(39,619)	(36,475)	(43,977)	(36.6%)	(7.9%)	20.6%
Net Unearned Premiums	120,886	217,892	339,114	212,276	80.2%	55.6%	(37.4%)
Unearned premiums as a percentage of gross written premiums							
Health	55.3%	57.3%	57.6%	60.0%			
Vehicles	64.6%	30.3%	108.0%	63.1%			
Property and Accidents	31.0%	36.5%	64.5%	57.0%			
Total	55.9%	46.1%	67.4%	60.8%			
Reinsurers' share of unearned premiums as a percentage of unearned premiums							
Health	15.6%	-	-	-			
Vehicles	40.1%	40.4%	15.7%	24.6%			
Property and Accidents	73.0%	70.2%	45.7%	49.2%			
Total	34.1%	15.4%	9.7%	17.2%			

Source: Audited financial statements for the fiscal years ending on December 31, 2018, 2019 and 2020 and the unaudited preliminary financial statements for the period ending on September 30, 2021

Unearned Premiums

Insurance premiums are taken to the income statement on a pro-rata basis over the terms of the insurance policies to which they relate. Unearned premiums represent the share of written premiums relating to the period of coverage in effect.

The health sector represents 36.3%, 69.2%, 60.1% and 44.2% of the unearned premiums as on December 31, 2018, December 31, 2019, December 31, 2020, and September 30, 2021, respectively. The vehicles sector represents 55.1%, 20.9%, 28.5% and 41.7% of the unearned premiums as on December 31, 2018, December 31, 2019, December 31, 2020, and September 30, 2021, respectively.

Unearned premiums increased from 183.4 million SAR as on December 31, 2018G to 257.5 million SAR as on December 31, 2019, mainly driven by the increase in unearned premiums attributed to the health sector in line with the growth of total written premiums in this sector. On the other hand, unearned premiums in the vehicles sector decreased by 47.1 million Saudi riyals as on December 31, 2019 compared to December 31, 2018G, due to the company's start to gradually raise the prices of individual insurance policies during 2019, which led to a decline in the policies issued in the second half of the year.

Unearned premiums increased to 375.6 million Saudi riyals as on December 31, 2020G, mainly resulting from the merger process with Al-Ahlia Company, which resulted in the addition of unearned premiums in the amount of 107.9 million Saudi riyals as on December 6, 2020G.

Unearned premiums decreased by 31.8% to reach 256.2 million SAR as on September 30, 2021G, mainly affected by the decrease in total written insurance premiums in the health sector during the nine months ended on September 30, 2021G, which led to the decrease in the total unearned premiums in the health sector from 225.6 million Saudi riyals as on December 31, 2020G to 113.3 million Saudi riyals as on September 30, 2021G.

Reinsurers' share of unearned premiums

The share of reinsurers from unearned premiums is calculated on a pro-rata basis by the same mechanism as calculating unearned premiums. The share of the reinsurers of unearned premiums coincides with the share of the reinsurers of the written insurance premiums according to the reinsurance agreements.

Reinsurers' share of unearned premiums decreased from 62.5 million Saudi riyals as on December 31, 2018 to 39.6 million Saudi riyals as on December 31, 2019, mainly due to the non-renewal of the proportional reinsurance agreement for the health sector in 2019 (where the percentage of attribution to this sector amounted to 30% of the net risk premium in the year 2018G), in addition to the decline in the share of reinsurers from the unearned premiums attributed to the vehicles sector. The management's decision not to renew the proportional reinsurance agreement for the health sector contributed to the decrease in the share of reinsurers of unearned premiums as a percentage of unearned premiums to 15.4% as on December 31, 2019G compared to 34.1% as on December 31, 2018G.

The share of reinsurers of unearned premiums decreased to 36.5 million Saudi riyals as on December 31, 2020G, and the share of reinsurers of unearned premiums as a percentage of unearned premiums decreased to 9.7% as on December 31, 2020G compared to 15.4% as of December 31, 2019G, as the insurance portfolio for the vehicles that was added from Al-Ahlia Company is subject to reinsurance of excess loss only, and therefore no significant amounts were added from within the reinsurance share of the unearned premiums during the merger process.

Reinsurers' share of unearned premiums increased from 36.4 million Saudi Riyals as on December 31, 2020G to 440 million Saudi Riyals as on September 30, 2021G, mainly due to the increase in the total insurance premiums attributed to the vehicles sector in the nine-month period ending on September 30, 2021Gwhich It has been subject to an attribution rate of 25% under a proportional reinsurance agreement since the beginning of 2021G.

6.9.2.5 Unearned Reinsurance Commission

The following table shows the balance of unearned reinsurance commissions as on December 31, 2018, December 31, 2019, December 31, 2020, and September 30, 2021.

Table No. (59): Unearned Reinsurance Commission

(Thousand Saudi Riyals)	Fiscal year ended on December 31			September 30, 2021G (Unaudited)	Annual Change 2018G - 2019G	Annual Change 2019G - 2020G	Annual Change 2020G - 2021G
	2018G (Audited)	2019G (Audited)	2020G (Audited)				
Balance at the Beginning of the Year/ Period	7,404	11,019	9,680	8,826	48.8%	(12.1%)	(8.8%)
Received Commissions during the Year/ Period	31,626	25,420	23,467	18,058	(19.6%)	(7.7%)	(23.0%)
Earned Commission during the Year/ Period	(28,011)	(26,758)	(24,322)	(16,779)	(4.5%)	(9.1%)	(31.0%)
Balance at the End of the Year/ Period	11,019	9,680	8,826	10,104	(12.1%)	(8.8%)	14.5%

Source: Audited financial statements for the fiscal years ending on December 31, 2018, 2019 and 2020 and the unaudited preliminary financial statements for the period ending on September 30, 2021.

Reinsurance commission income is received from assigned business according to proportional and facultative reinsurance transactions. The commission is recorded in the income statement over the period of the insurance policies to which it is linked on a pro-rata basis. The unearned reinsurance commission represents the commission share relating to the unexpired period of insurance coverage.

The following table shows the unearned reinsurance commission by insurance sector as on December 31, 2018, December 31, 2019, December 31, 2020, and September 30, 2021.

Table No. (60): Unearned Reinsurance Commission

Insurance Type (Thousand Saudi Riyals)	Fiscal year ended on December 31			September 30, 2021G (Unaudited)	Annual Change 2018G - 2019G	Annual Change 2019G - 2020G	Annual Change 2020G - 2021G
	2018G (Audited)	2019G (Audited)	2020G (Audited)				
Health	-	-	-	-	-	-	-
Vehicles	7,427	4,169	3,083	5,142	(43.9%)	(26.1%)	66.8%
Property and Accidents	3,592	5,512	5,743	4,963	53.5%	4.2%	(13.6%)
Unearned Reinsurance Commission	11,019	9,680	8,826	10,104	(12.1%)	(8.8%)	14.5%

Source: Audited financial statements for the fiscal years ending on December 31, 2018, 2019 and 2020 and the unaudited preliminary financial statements for the period ending on September 30, 2021.

The unearned reinsurance commission for the vehicles sector contributed 67.4%, 43.1%, 34.9% and 50.9% of the total unearned reinsurance commission as on December 31, 2018G, December 31, 2019G, December 31, 2020G and September 30, 2021G, respectively.

The unearned reinsurance commission decreased from 11.0 million SAR as on December 31, 2018G to 8.8 million SAR as on December 31, 2020G, driven by the decrease in the unearned reinsurance commission attributed to the vehicles sector from 7.4 million SAR to 3.1 million SAR during during the same period, in line with the decrease in the total insurance premiums in the sector.

The unearned reinsurance commission increased to 10.1 million Saudi riyals as on September 30, 2021G, due to the increase in reinsurance premiums assigned in the vehicles sector during the nine-month period ending on September 30, 2021G.

6.9.2.6 Outstanding Claims and Reinsurers' Share of Outstanding Claims

The following table shows the outstanding claims and the reinsurers' share of the outstanding claims as on December 31, 2018, December 31, 2019, December 31, 2020, and September 30, 2021.

Table No. (61): Outstanding Claims, Net

Insurance Type (Thousand Saudi Riyals)	Fiscal year ended on December 31			September 30, 2021G (Unaudited)	Annual Change 2018G - 2019G	Annual Change 2019G - 2020G	Annual Change 2020G - 2021G
	2018G (Audited)	2019G (Audited)	2020G (Audited)				
Health	8,718	26,709	14,489	24,046	206.4%	(45.8%)	66.0%
Vehicles	19,222	32,454	33,803	20,559	68.8%	4.2%	(39.2%)
Property and Accidents	63,414	15,921	56,450	65,457	(74.9%)	254.6%	16.0%
Outstanding Claims	91,354	75,085	104,743	110,061	(17.8%)	39.5%	5.1%
Health	(2,514)	(1,496)	(558)	(24)	(40.5%)	(62.7%)	(95.7%)
Vehicles	(7,657)	(13,209)	(14,849)	(11,371)	72.5%	12.4%	(23.4%)
Property and Accidents	(54,523)	(12,019)	(33,082)	(38,158)	(78.0%)	175.2%	15.3%
Reinsurers' share of outstanding claims	(64,694)	(26,723)	(48,489)	(49,553)	(58.7%)	81.4%	2.2%
Net Outstanding Claims	26,661	48,360	56,253	60,508	81.4%	16.3%	7.6%
Reinsurers' share of outstanding claims as a percentage of outstanding claims							
Health	28.8%	5.6%	3.9%	0.1%			
Vehicles	39.8%	40.7%	43.9%	55.3%			
Property and Accidents	86.0%	75.5%	58.6%	58.3%			
Total	70.8%	35.6%	46.3%	45.0%			

Source: Audited financial statements for the fiscal years ending on December 31, 2018, 2019 and 2020 and the unaudited preliminary financial statements for the period ending on September 30, 2021.

Total Outstanding Claims

Total outstanding claims includes the total estimated cost of unreported incurred claims at the date of the statement of financial position. Provisions are made for reported and unpaid claims at the date of the statement of financial position on a case-by-case basis. A provision is also set aside, according to management's estimates and the company's past experience, for the cost of settling unreported incurred claims at the date of the statement of financial position. The final obligations can be more or less than the provision set aside.

Outstanding claims decreased by 17.8% to reach 75.1 million SAR as on December 31, 2019G compared to 91.4 million SAR as on December 31, 2018G mainly driven by the decrease in outstanding claims in the property and accident sector from 54.5 million SAR as on December 31, 2018G to 12.0 million Saudi riyals as on December 31, 2019G, mainly due to the payment of a large claim amounting to 24.0 million riyals during the year 2019G. This decrease was partially offset by the increase in the outstanding claims for the health and vehicles sectors as a result of the increase in the gross written premiums and the net loss rate in the year 2019G compared to the year 2018G.

The outstanding claims increased to 104.7 million Saudi riyals as on December 31, 2020G, mainly due to the addition of a total of 36.8 million Saudi riyals of outstanding claims from Al-Ahlia Company during the merger process.

Outstanding claims increased by 5.1% to reach 110.1 million SAR as on September 30, 2021G as a result of the increase in net loss rates in all sectors, primarily in the health sector, where the outstanding claims increased from 14.5 million SAR as on December 31, 2020G to 24.0 million SAR as on September 30, 2021G.

Reinsurers' share of outstanding claims

Amounts recoverable from reinsurers are recognized in a manner similar to amounts related to insurance contracts in accordance with the terms of reinsurance agreements.

The share of reinsurers from the outstanding claims decreased from 64.7 million Saudi riyals as on December 31, 2018G to 26.7 million Saudi riyals as on December 31, 2019G, due to the payment of the large claim in the property and accident sector, of which the share of the reinsurers amounted to 22.2 million Saudi riyals in addition to the increase in the percentage of retention in the health sector starting from 2019G due to non-renewal of the proportional reinsurance agreement.

The share of reinsurers from the outstanding claims increased from 26.7 million Saudi riyals as on December 31, 2019G to 49.6 million Saudi riyals as on September 30, 2021G in line with the increase in the outstanding claims.

6.9.2.7 Unreported Incurred Claims and Reinsurers' share of unreported incurred claims

Table No. (62): Unreported Incurred Claims, Net

Insurance Type (Thousand Saudi Riyals)	Fiscal year ended on December 31			September 30, 2021G (Unaudited)	Annual Change 2018G - 2019G	Annual Change 2019G - 2020G	Annual Change 2020G - 2021G
	2018G (Audited)	2019G (Audited)	2020G (Audited)				
Health	18,702	57,515	115,592	149,815	207.5%	101.0%	29.6%
Vehicles	26,278	26,416	39,870	43,609	0.5%	50.9%	9.4%
Property and Accidents	22,994	13,370	15,436	20,318	(41.9%)	15.5%	31.6%
Unreported Incurred Claims	67,973	97,301	170,898	213,742	43.1%	75.6%	25.1%
Health	(5,629)	(2,393)	)6,501	(8,829)	(57.5%)	171.7%	35.8%
Vehicles	(10,655)	(10,810)	(5,035)	(5,225)	1.5%	(53.4%)	3.8%
Property and Accidents	(16,886)	(10,085)	(8,528)	(7,957)	(40.3%)	(15.4%)	(6.7%)
Reinsurers' Share of Unreported Incurred Claims	(33,170)	(23,288)	(20,063)	(22,011)	(29.8%)	(13.8%)	9.7%
Net Unreported Incurred Claims	34,802	74,013	150,835	191,731	112.7%	103.8%	27.1%
Reinsurers' share of unreported incurred claims as a percentage of unreported incurred claims							
Health	30.1%	4.2%	5.6%	5.9%			
Vehicles	40.5%	40.9%	12.6%	12.0%			
Property and Accidents	73.4%	75.4%	55.2%	39.2%			
Total	48.8%	23.9%	11.7%	10.3%			

Source: Audited financial statements for the fiscal years ending on December 31, 2018, 2019 and 2020 and the unaudited preliminary financial statements for the period ending on September 30, 2021.

Estimates are made at the end of the reporting period for both the ultimate cost of claims and the expected ultimate costs of unreported incurred claims as well as the reinsurance share of these claims based on reinsurance agreements. Unpaid claims are estimated using the inputs to the assessments of the individual cases reported to the Company. At the end of each reporting period, claims estimates for the prior period are reassessed for adequacy and changes are made to the provision.

The provision for unreported incurred claims is an estimate of claims that are expected to be reported after the date of the statement of financial position in respect of the insured accident that occurred prior to the date of the statement of financial position. The technical methods used by management in estimating the cost of reported claims as well as unreported incurred claims is to follow the same methods of past claims settlement when forecasting

the methods of payment of future claims.

Actuaries use a combination of methods such as the chain ladder method, the Bornhuetter-Ferguson method and the expected loss rate method to determine these provisions. The actuary also used a segmental approach including a cost-per-member-year analysis for the health sector. These methods are based on a number of explicit or implicit assumptions regarding the expected settlement value and claims settlement patterns.

Unreported incurred claims increased by 43.1% from 68.0 million SAR as on December 31, 2018G to 97.3 million SAR as on December 31, 2019G mainly driven by the increase in unreported incurred claims attributable to the health sector from 18.7 SAR million Saudi Riyals as on December 31, 2018G to 57.5 million SAR as on December 31, 2019G due to business growth in this sector and based on the recommendation of the actuary.

As on December 31, 2020G, unreported incurred claims increased by 75.6% to reach 170.9 million SAR , mainly due to the increase in unreported incurred claims attributed to the health sector based on the actuary's recommendation in addition to the acquisition on unreported incurred claims amounting to 40.8 million SAR from Al Ahlia Company during the merger process, mainly focused on the vehicles and general accidents sectors.

Unreported incurred claims increased by 25.1% to reach 213.7 million SAR as on September 30, 2021G mainly due to the increase in unreported incurred claims attributable to the health sector from 115.6 million SAR as on December 31, 2020G to 149.8 million SAR as on September 30, 2021G based on the recommendation of the actuary.

6.9.2.8 Additional Premium Reserve

The insurance premiums deficit reserve decreased from 13.6 million Saudi riyals as on December 31, 2018G to 5.5 million Saudi riyals as on December 31, 2019G, as a result of the company releasing an amount of 8.1 million Saudi riyals from the additional premium reserve (attributed mainly to the vehicles sector) based on a recommendation of actuary expert.

The insurance premiums deficit reserve increased to 11.3 million Saudi riyals as on December 31, 2020G, mainly affected by additions of 14.2 million Saudi riyals as a result of the merger process with Al-Ahlia Company in exchange for the release of 7.7 million Saudi riyals linked to the health sector based on the recommendation of the actuary.

The insurance premiums deficit reserve increased to 18.6 million Saudi riyals as on September 30, 2021G, as the company increased the reserve attributed to the health sector by 17.7 million Saudi riyals, partially offset by the release of the premium deficit reserve in the vehicles sector by 10.5 million Saudi riyals based on the recommendation of the actuary.

6.9.2.9 Other Technical Reserves

Other technical reserves increased from 5.0 million riyals as on December 31, 2019G to 11.2 million riyals as on December 31, 2020G, due to the addition of 2.2 million Saudi riyals as a result of the merger process with Al-Ahlia Company, in addition to recording an additional reserve in the health sector amounting to 3.4 million Saudi riyals based on the recommendation of the actuary.

Other technical reserves increased from 11.2 million riyals as on December 31, 2020G to 14.2 million riyals as on September 30, 2021G, driven by the increase in other technical reserves in the health sector based on the recommendation of the actuary.

6.9.2.10 Lease Obligations

Lease obligations amounting to 7.8 million Saudi riyals, 7.5 million Saudi riyals and 7.5 million Saudi riyals as on December 31, 2019G, December 31, 2020G and September 30, 2021G, respectively, were related to the company's office rents. These obligations were recorded as separate items in the year 2019G and 2020G and as on September 31, 2021G, after following IFRS 16 for recording lease contracts.

6.9.2.11 Employee Benefit Obligations

The company administers an end of service benefit plan for its employees in line with the requirements of the labor law in the Kingdom of Saudi Arabia. The accruals are prepared in accordance with the actuarial valuation under the projected unit credit method while the benefits payments obligations are met when due. Employees' end of service benefit plans are unfunded plans and benefits payments obligations are met when due.

Employee benefits obligations increased from 15.6 million Saudi riyals as on December 31, 2019G to 20.7 million Saudi riyals as on December 31, 2020G, due to the addition of obligations related to Al-Ahlia employees during the merger process.

Employee benefits obligations decreased by 10.0% as on September 30, 2021G, to reach 18.9 million SAR. The reason is due to the decrease in the number of employees during the nine-month period ending on September 30, 2021G.

6.9.2.12 Zakat and Income Tax

The company obtained Zakat and income tax certificates from the Zakat, Tax and Customs Authority for the years until 2020G. In July 2020, the company received the Zakat and income tax assessment for the year 2014G, amounting to 7.1 million Saudi riyals. Zakat differences according to the initial assessments are mainly due to the lack of approval by the Zakat, Tax and Customs Authority on some balances related to the outstanding claims, unreported incurred claims, the payable balances of reinsurers, and the amounts due to related parties from the Zakat base. The company submitted an appeal against the initial assessment to the Zakat, Tax and Customs Authority and received an updated assessment in the amount of 3.3 million Saudi riyals. The company also submitted an appeal to the Committee for the Adjudication of Tax Violations and Disputes and believes that the outcome of this appeal will be in favor of the company.

During the year 2020G, the company also received the Zakat and income tax assessment for the years 2015G until 2018G in the amount of 10.25 million Saudi riyals. Zakat differences according to the initial assessments are mainly due to the lack of approval by the Zakat, Tax and Customs Authority on some balances related to term deposits and investments from the Zakat base. The company established an additional provision of 1.9 million Saudi riyals for the objection and paid that amount to the Zakat, Tax and Customs Authority, and in parallel filed an appeal against the initial assessment of the authority and believes that the outcome of this appeal will be in favor of the company.

During the nine-month period ending on September 30, 2021G, the Company received revised assessments for the years 2015G through 2018G with an additional zakat obligation of 8.36 million SAR. The company has submitted an appeal to the Committee for the Adjudication of Tax Violations and Disputes against the referenced linkage by the Authority and believes that the outcome of this appeal will be in favor of the company. Accordingly, no additional provision has been made for such additional assessments in the financial statements. No provision has been made for income tax for the nine-month period ending on September 30, 2021G, due to the adjusted net loss for this period.

The company's zakat and income tax assessments for the years 2019G and 2020G are currently subject to review and audit by the Zakat, Tax and Customs Authority. The obligation of zakat and income tax as calculated by the company can differ from the obligation of zakat and income tax as assessed by the Zakat, Tax and Customs Authority for the years for which the assessments have not been reviewed by the Zakat, Tax and Customs Authority.

Zakat and Income Tax - Al Ahlia Cooperative Insurance Company

In 2018G, Al Ahlia Company received the Zakat and income tax assessment for the years 2011G and 2012G, amounting to 2.1 million Saudi riyals. Al Ahlia Company has submitted an appeal against the linking of the Zakat, Tax and Customs Authority to the General Secretariat of the Tax Committees, and the result is still pending. Moreover, during the year 2020G, Al Ahlia Company received Zakat and income tax assessments for the years from 2015G to 2018G in the amount of 9.5 million Saudi riyals. Al Ahlia Company has submitted an appeal to the Higher Committee, and the result is still pending. The zakat differences according to the initial assessments for the years 2011G, 2010G, 2015G to 2018G are mainly due to the failure of the Zakat, Tax and Customs Authority to allow certain balances related to investments, statutory deposits, and adjusted accumulated losses from the zakat base. The management believes that the Zakat, Tax and Customs Authority will reconsider the initial assessments and allow some deductions from the Zakat base in the final assessments. However, Al Ahlia Company's management submitted a settlement request to the Zakat, Tax and Customs Authority for all outstanding assessments of 7.8 million SAR, and considers that the level of current zakat allocations is sufficient for the current time. Al Ahlia Company obtained zakat and income tax certificates from the Zakat, Tax and Customs Authority for the years up to 2019G, and the zakat and income tax assessment for the year 2019G is under review by the Zakat, Tax and Customs Authority until the date of this prospectus.

6.9.2.13 Creditor Distribution Surplus

The creditor's distribution surplus represents the net surplus from insurance operations due to insurance policy holders, as the company is required to distribute 10% of the net surplus from insurance operations to policyholders and allocate the remaining 90% to its shareholders in accordance with the insurance law and its executive regulations issued by the Saudi Central Bank.

The creditor distribution surplus increased from 11.3 million SAR as on December 31, 2019G to 13.7 million SAR as on December 31, 2020G due to additions from the merger with Al Ahlia Company amounting 1.5 million SAR. There is no change in the creditor distribution surplus balance for non-realization of profits in the nine-month period ending on September 30, 2021G.

6.9.3 Related Party Transactions and Balances

The following table shows transactions and balances with related parties as on December 31, 2018, December 31, 2019, December 31, 2020 and September 30, 2021.

Table No. (63): Transactions with Related Parties

(Thousand Saudi Riyals)	Transaction	As on				
		December 31, 2018G (Audited)	December 31, 2019G (Audited)	December 31, 2020G (Audited)	September 30, 2020 (Unaudited)	September 30, 2021(Unaudited)
Major Shareholders	Written premiums	10,827	17,380	14,597	14,680	11,977
	Paid Claims	(5,590)	(6,849)	(3,214)	(7,754)	(10,345)
	Lease Expense	(108)	(2,344)	(2,242)	(2,140)	-
	Services	(412)	(457)	(655)	(267)	-
	Board member remuneration and meeting fee	(213)	(330)	(1,446)	(2,170)	(572)
Senior Management Personnel	Employee salaries and benefits	(3,157)	(5,093)	(5,250)	(3,932)	(4,839)
	End of service benefits	(213)	(330)	(312)	(234)	(348)

Source: Audited financial statements for the fiscal years ending on December 31, 2018, 2019 and 2020 and the unaudited preliminary financial statements for the period ending on September 30, 2021.

Table No. (64): Balances with Related Parties

(Thousand Saudi Riyals)	Fiscal year ended on December 31			September 30, 2021G (Unaudited)	Annual Change 2018G - 2019G	Annual Change 2019G - 2020G	Annual Change 2020G - 2021G
	2018G (Audited)	2019G (Audited)	2020G (Audited)				
Due premium from related parties	3,203	10,211	10,038	9,039	218.8%	(1.7%)	(9.9%)
Paid Claims	(879)	-	-	10	-	-	-
Total due amounts from related parties	2,324	10,211	10,038	9,049	339.3%	(1.7%)	(9.9%)

Source: Audited financial statements for the fiscal years ending on December 31, 2018, 2019 and 2020 and the unaudited preliminary financial statements for the period ending on September 30, 2021.

Related parties represent major shareholders, directors and senior management personnel in the company, companies that are their primary owners, and any other companies directly or jointly controlled or substantially affected by these parties. Pricing policies and terms of these transactions are :approved by the Company's management and the Board of Directors. The related parties that the company deals with include

6.9.3.1 Major Shareholders

.Transactions with major shareholders include written insurance premiums and claims paid in addition to rent and utilities expenses

6.9.3.2 Senior Management Personnel

They are the people who have the authority and responsibility for planning, directing and controlling the activities of the company (senior executives including CEO and CFO). Transactions with the company's senior personnel include salaries, benefits and end of service benefits.

6.9.3.3 Due from the Related Party - Net

The company had a net outstanding balance of 22.3 million Saudi riyals from Gulf Union Insurance & Reinsurance Company (BSC), a shareholder in the company, which was under dispute until June 2015, when the dispute was resolved and the amendments were taken as required by the Saudi Central Bank. The net outstanding balance has been reduced to 14.8 million SAR (debit balance 31.4 million SAR and credit balance of 16.7 million SAR).

During the year 2019G, the debit balances from the Gulf Union Insurance & Reinsurance Company (BSC) were collected as a sum from the exclusions of the company's shares owned by the Gulf Union Insurance & Reinsurance Company (BSC) in an amount of 14.9 million Saudi riyals, which reduced the share of the Gulf Union Insurance & Reinsurance Company (BSC) in the company by 6.8% (from 23.24% to 16.50%) of its capital of 150.0 million Saudi riyals in 2019G.

6.9.4 Undertakings and Contingent Obligations

The Company, along with the vast majority of insurance companies, is subject to litigation in the normal course of its business. Based on independent legal advice, the Company does not believe that the outcome of these cases will have a material impact on the Company's financial performance. The company reviews the cases filed periodically and calculates a provision for the cases that it expects to issue a judgment against the company. The amount of the provision amounted to 5.4 million Saudi riyals as on September 30, 2021G.

As on September 30, 2021, the Company has capital commitments of 1.8 million SAR to implement a new program (December 31, 2020: nil). The company was also incidentally responsible for the financial guarantees issued against litigation in the ordinary course of business in the amount of 1 million Saudi riyals as on September 30, 2021 (December 31, 2020: nil), which represents 25% of the zakat assessment objected by the company according to what is stipulated by the regulations of the General Authority for Zakat and Tax.

6.9.5 Shareholders Equity

The following table shows the shareholders equity as on December 31, 2018, December 31, 2019, December 31, 2020, and September 30, 2021.

Table No. (65): Shareholders Equity

(Thousand Saudi Riyals)	Fiscal year ended on December 31			September 30, 2021G (Unaudited)	Annual Change 2018G - 2019G	Annual Change 2019G - 2020G	Annual Change 2020G - 2021G
	2018G (Audited)	2019G (Audited)	2020G (Audited)				
Capital	150,000	150,000	229,475	229,475	-	53.0%	-
Issue premium	-	-	89,488	-	-	-	(100.0%)
Statutory reserve	4,886	4,886	4,886	4,886	-	-	-
Retained earnings (accumulated losses)	15,178	(13,965)	(59,542)	(92,707)	(192.0%)	326.4%	55.7%
Employee benefit obligation remeasurement reserve	(1,033)	(3,105)	(2,203)	(2,203)	200.8%	(29.1%)	-
Investment fair value reserve	(1,583)	6,687	10,228	8,462	(522.3%)	52.9%	(17.3%)
Total Shareholders Equity	167,448	144,503	272,332	147,912	(13.7%)	88.5%	(45.7%)

Source: Audited financial statements for the fiscal years ending on December 31, 2018, 2019 and 2020 and the unaudited preliminary financial statements for the period ending on September 30, 2021.

Table No. (66): List of Changes in Shareholders Equity

(Thousand Saudi Riyals)	Fiscal year ended on December 31			September 30, 2021G (Unaudited)	Annual Change 2018G - 2019G	Annual Change 2019G - 2020G	Annual Change 2020G - 2021G
	2018G (Audited)	2019G (Audited)	2020G (Audited)				
Balance at the beginning of the year/period	168,642	167,448	144,503	272,332	(0.7%)	(13.7%)	88.5%
Total comprehensive loss for the year/period	(1,194)	(22,945)	(41,134)	(124,419)	1821.5%	79.3%	202.5%
Issuance of ordinary shares in exchange for purchase for a business merger	-	-	79,475	-	-	-	(100.0%)
Issue premium	-	-	89,488	-	-	-	(100.0%)
Balance at the end of the year/period	**167,448**	**144,503**	**272,332**	**147,912**	**(13.7%)**	**88.5%**	**(45.7%)**

Source: Audited financial statements for the fiscal years ending on December 31, 2018, 2019 and 2020 and the unaudited preliminary financial statements for the period ending on September 30, 2021.

6.9.5.1 Capital

The authorized, issued and fully paid up capital amounted to 229.5 million Saudi riyals as on September 30, 2021G, and it consists of 22.9 million shares with a nominal value of 10 Saudi riyals per share.

As of the effective date (December 06, 2020G), the company acquired all the shares issued for eligibility under the share exchange offer by issuing one share in the company for every 1.54766350624551 share in Al Ahlia company. This resulted in the issuance of 7,947,464 new ordinary shares with a nominal value of 10 Saudi riyals per share. The company issued new shares by increasing its capital from 150.0 million Saudi riyals to 229.5 million Saudi riyals.

6.9.5.2 Issue Premium

The issuance of new shares, as mentioned in the previous paragraph, resulted in the recognition of an issue premium of 89.5 million Saudi riyals as on the effective date. The Ordinary General Assembly held on 29/06/2021G (corresponding to 19/11/1442H) agreed to use entire balance of the issue premium of 89.5 million Saudi riyals to amortize part of the company's accumulated losses as on March 31, 2021.

6.9.5.3 Retained Earnings (Accumulated Losses)

The item of retained earnings changed from profits of 15.2 million Saudi riyals as on December 31, 2018G to accumulated losses of 14.0 million Saudi riyals as on December 31, 2019G. Then the accumulated losses increased to 92.7 million Saudi Riyals as on September 30, 2021G due to the company incurring net losses in the years 2018G, 2019G, 2020G, and the nine-month period ending on September 30, 2021G. As mentioned in the previous paragraph, the Ordinary General Assembly held on 29/06/2021G (corresponding to 19/11/1442H) agreed to use the entire balance of the issue premium in the amount of 89.5 million Saudi riyals in order to amortize part of the company's accumulated losses as on March 31, 2021G.

6.9.5.4 Investments Fair Value Reserve

The investments fair value reserve represents the cumulative unrealized gain/(loss) on the fair value of available for sale investments. The investment revaluation reserve amounted to 8.5 million SAR as on September 30, 2021G.

6.10 Statement of Cash Flows

The following table shows the statement of cash flows as on December 31, 2018, December 31, 2019, December 31, 2020, September 30, 2020, and September 30, 2021.

Table No. (67): Statement of Cash Flows

(Thousand Saudi Riyals)	Fiscal year ended on December 31			Nine-month period ending on September 30	
	2018G (Audited)	2019G (Audited)	2020G (Audited)	2020G (Unaudited)	2021G (Unaudited)
Total profit (loss) for the year/period before surplus percentage, zakat and income tax	6,332	(30,739)	(39,364)	(5,681)	(120,653)
Adjustments to non-monetary items:					
Depreciation of property and equipment	1,397	1,351	1,393	1,057	1,929
Amortization of intangible assets	1,869	2,155	1,908	1,378	1,941
Depreciation of right-of-use assets	-	1,325	1,116	787	1,421
Financing costs on lease liabilities	-	216	255	192	220
Investment income and commissions	(7,243)	(13,878)	(11,062)	(7,826)	(13,334)
(Reverse) provision for doubtful debts	(3,066)	4,388	8,952	10,111	5,124
Provision for employee benefit obligations	2,117	2,588	2,433	2,112	848
Loss (profit) on termination of lease liabilities	-	(35)	1	1	(112)
Loss on sale of property and equipment, net	-	23	-	-	-
Unrealized gain on disposal of available-for-sale investments	-	-	(1,212)	53	-
	1,406	(32,604)	(35,579)	2,183	(122,617)
Changes in operating assets and liabilities					
Debit reinsurance premiums and balances	(37,287)	(74,153)	12,741	8,978	52,537
Debit Premiums - Related Parties	(2,056)	(7,095)	1,506	2,787	1,445
Reinsurers' share of unearned premiums	(15,747)	22,920	7,482	5,375	(7,502)
Reinsurers' share of outstanding claims	(8,939)	37,971	(5,785)	(4,143)	(1,064)
Reinsurers' share of unreported incurred claims	(1,897)	9,882	4,754	4,015	(1,948)
Deferred policy acquisition costs	(1,172)	(8,829)	(2,389)	(604)	9,542
Excess deferred insurance premium loss	-	-	-	(1,218)	(1,714)
Prepaid expenses and other assets	(1,456)	(3,560)	4,507	3,391	(15,859)
Accounts Payable	9,061	12,666	6,342	5,231	17,594
Receivables and other liabilities	(4,056)	6,920	(5,347)	220	(2,574)
Reinsurance balances payable	(2,394)	(14,578)	7,521	9,917	(3,984)
Unearned premiums	51,422	74,088	10,100	(8,068)	(119,336)
Unearned reinsurance commission	3,615	(1,338)	(1,938)	(1,931)	1,278
Outstanding Claims	2,733	(16,270)	(7,135)	(2,548)	5,319
Unreported incurred claims	2,393	29,328	32,845	15,113	42,844
Extra insurance premiums reserves	9,384	(8,111)	(8,446)	(5,493)	7,274
Other technical reserves	306	719	4,015	604	2,955
Employee benefit obligations	(1,175)	(3,228)	(3,053)	(1,540)	(2,910)
Paid zakat and income tax	(2,260)	(1,686)	(4,645)	(4,645)	(1,886)
Paid Distribution surplus	(1)	(8)	-	-	-
Net cash generated from/(used in) operating activities	1,880	23,033	17,498	27,624	(140,607)
Short term deposits	(524,906)	(422,342)	(217,490)	(192,870)	-
Proceeds from short-term deposits	427,092	499,729	245,469	250,003	126,571
deposits in long-term deposits	(301)	-	-	(25,437)	(29,288)
Proceeds from long-term deposits	-	15,352	-	-	(40,033)
Cash and cash equivalents through business merger	-	-	147,359	-	-

Purchase of available for sale investments	(100,446)	(108,600)	(90,728)	(5,000)	(9,931)
Purchase of held-to-maturity investments	(12,933)	(5,000)	(5,000)	-	-
Proceeds from the sale of available-for-sale investments	97,223	-	12,638	7,313	-
Proceeds from the sale of investments held to maturity	3,140	20,605	11,292	9,417	5,764
Investment income and commissions received	7,221	12,029	6,427	4,914	13,684
Purchase of property and equipment	(3,654)	(1,744)	(2,277)	(1,877)	(402)
Proceeds from disposal of property and equipment	-	5	-	-	468
Add to: intangible assets	(995)	(2,391)	(3,870)	(3,285)	(3,154)
Proceeds (add) to the statutory deposit - net	10,500	-	(6,371)	-	18,450
Net cash generated (used in)/from investing activities	(98,060)	7,644	97,449	43,178	82,129
The main elements of lease payments	-	(696)	(2,245)	(2,051)	(78)
Paid financing costs	-	(5)	(56)	(185)	(6)
Due from related parties, net	-	14,762	-	-	-
Net cash generated from/(used in) financing activities	-	14,061	(2,301)	(2,236)	(84)
Net change in cash and cash equivalents	(96,180)	44,738	112,645	68,566	(58,562)
Cash and cash equivalents, beginning of the year/period	118,305	22,125	66,863	66,863	179,508
Cash and cash equivalents, end of the year/period	22,125	66,863	179,508	135,429	120,946

Source: Audited financial statements for the fiscal years ending on December 31, 2018, 2019 and 2020 and the unaudited preliminary financial statements for the period ending on September 30, 2021.

Cash and cash equivalents increased by 202.2% to reach 66.9 million Saudi riyals as on December 31, 2019G compared to 22.1 million Saudi riyals as on December 31, 2018G due to an amount due from related parties in addition to net positive cash flows resulting from operating and investing activities.

As on December 31, 2020, cash and cash equivalents increased by 168.5% to reach 179.5 million Saudi riyals mainly as a result of cash and cash equivalents acquired through business merger with Al-Ahlia Company, which was calculated from the net cash flows generated from investment activities.

Cash and cash equivalents decreased by 32.5% to reach 120.9 million SAR as on September 30, 2021G, mainly driven by the losses incurred by the company during the period, which led to the increase in net cash flows used in operating activities.

6.10.1 Operating Activities

The net cash generated from operating activities increased from 1.9 million SAR in 2018G to 23.0 million SAR in 2019G mainly due to the incoming cash flows due to movement in unearned net insurance premiums, net incurred claims and net unreported claims and accounts payable and partially offset by cash outflows principally as a result of movement in premiums and reinsurance receivables.

The net cash generated from operating activities decreased to 17.5 million Saudi riyals in the year 2020G compared to the net cash generated from the operating activities amounted to 23.0 million Saudi riyals in the year 2019G.

The net cash used in operating activities amounted to 140.6 million Saudi riyals in the nine-month period ending on September 30, 2021G compared to the net cash generated from operating activities amounting to 27.6 million Saudi riyals in the nine-month period ending on September 30, 2020, mainly due to the net incurred loss during that period.

6.10.2 Investment Activities

The net cash generated from investment activities amounted to 7.6 million Saudi riyals in 2019G, compared to the net cash used in investment activities amounting to 98.1 million Saudi riyals in 2018G, as the company increased its investments in short-term deposits in the year 2018G compared to the year 2019G.

In 2020G, the net cash generated from investment activities amounted to 97.4 million Saudi riyals, mainly due to cash and cash equivalents acquired through business merger with Al-Ahlia Company, amounting to 147.4 million Saudi riyals.

In the nine-month period ending on September 30, 2021G, the net cash generated from investment activities amounted to 82.1 million Saudi riyals as the proceeds from term deposits were used to finance operating activities.

6.10.3 Financing Activities

There are no significant movements in financing activities, except for the collection of a due amount from related parties during the year 2019G, amounting to 14.8 million Saudi riyals.

6.11 Solvency List

The following table presents the solvency list as on December 31, 2018, December 31, 2019, December 31, 2020, and September 30, 2021.

Table No. (68): Solvency List

(Thousand Saudi Riyals)	Fiscal year ended on December 31			September 30, 2021G (Unaudited)
	2018G (Audited)	2019G (Audited)	2020G (Audited)	
Accepted Assets				
Policyholder Operations	406,558	478,209	606,486	497,401
Shareholder Operations	177,567	151,883	359,320	307,646
Add: other assets allowed to be added to cover the minimum margin	-	-	165,523	235,986
Total Acceptable Assets	584,125	630,092	1,131,330	1,041,033
Liabilities				
Policyholder Operations	450,038	543,038	829,006	774,920
Shareholder Operations	9,123	6,723	193,825	264,151
Total Liabilities	459,161	549,761	1,022,831	1,039,071
Net Accepted Assets				
Policyholder Operations	(43,480)	(64,829)	(222,520)	(277,519)
Shareholder Operations	168,444	145,160	165,495	43,495
Edits: additions and exclusions are allowed	-	-	165,523	235,986
Total Accepted Net Assets (a)	124,964	80,331	108,499	1,962
Minimum Required Margin				
Total Required Solvency Margin	40,805	77,934	80,429	87,570
Minimum Capital Requirement (B)	100,000	100,000	100,000	100,000
Total Minimum Required Margin (Highest Between Transactions)	100,000	100,000	100,000	100,000
The increase/ (deficit) in the net accepted assets, compared to the required minimum margin (a)-(b)	24,964	(19,669)	8,499	(98,038)
Solvency margin cover	125.0%	80.3%	108.5%	2.0%

Source: Saudi Arabian Monetary Agency models and the management of the Arabia Insurance Cooperative Company

The total acceptable assets in the entire table depend on the acceptability factors (i.e., the acceptability ratios for each type of assets) specified in the executive regulations of the Saudi Central Bank. If the percentage of certain assets out of the total assets is less than the possibility of acceptance, then 100% of the assets are considered acceptable.

The accepted assets are compared in light of the solvency margin stipulated by the Saudi Central Bank after deducting the total liabilities in order for .the Saudi Central Bank to verify whether the insurance company has sufficient solvency.

The company maintains its capital in accordance with the directives set by the Saudi Central Bank in Article No. (66), tables 3 and 4 of the Executive Regulations, which stipulates the solvency margin that shall be maintained. According to the said Article, the company shall maintain a solvency margin equal to the higher level of the following three methods:

- The minimum capital requirement is 100.0 million Saudi riyals.
- Margin of solvency of insurance premiums.
- Margin of solvency of insurance claims.

The company did not meet the solvency margin requirements as required under the executive regulations of the Cooperative Insurance Companies Control Law since March 31, 2021G, which deteriorated further during the reporting periods ending on June 30, 2021G and September 30, 2021G.

The company received a letter from the Saudi Central Bank on June 25, 2021G stating the deterioration of the company's solvency margin and requesting the company to submit the corrective actions in accordance with Article No. (68) of the regulations. In response to the Saudi Central Bank's letter, the company presented the planned corrective actions and stated that the solvency margin is expected to be in line with regulations by the fourth quarter of the year 2021G. The planned corrective actions proposed by the company include, among others, improving the asset acceptance profile, optimizing premium payment guarantee schemes, improving underwriting policies and processes, expanding digital sales platforms, reducing general and administrative expenses due to merger synergy and improving claims management processes.

On September 13, 2021, the Saudi Central Bank issued another letter to the Company to comply with the solvency margin requirements within the specified time period as specified in Article No. 68 of the Regulations and indicated that failure to comply with this would lead to regulatory action in line with Clause 2 (d) of Article No. 68 of the regulations. In response to this letter, the company stated that in addition to the planned corrective actions, it has prepared a business plan that includes a proposed increase in the company's capital by way of rights issue of 229.5 million SAR. This proposed capital increase is scheduled to be completed during the second quarter of 2022G.

The success of the Company's prospect of meeting the solvency margin requirements depends on the positive outcome of the planned corrective measures and the underwriting of the proposed rights issue, including obtaining the required approvals from the relevant regulatory authorities and the Company's shareholders. Accordingly, these events and conditions indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

Management has made an assessment of the going concern assumption and has prepared this condensed interim financial information on a going concern basis. Based on the Company's approved business plans, management believes that the Company will be able to continue its operations and meet its obligations as they fall due within the next twelve months. However, management's assessment is based on a number of assumptions including, but not limited to, the positive outcome of the planned corrective actions, continuity of underwriting licenses and obtaining all required approvals from relevant regulatory authorities and shareholders, as mentioned in the paragraphs above. Accordingly, these events and conditions indicate the existence of a material uncertainty that may lead to a material doubt about the company's ability to continue as a going concern.

7 Use of Offering Proceeds and Future Projects

7.1 Net Offering Proceeds

Total proceeds of the Preemptive Rights Offering are estimated at two hundred and twenty-nine million four hundred and seventy-four thousand six hundred and forty (229,474,640) Saudi riyals, six million (6,000,000) Saudi riyals will be paid to cover the Offering costs, which include the fees of the financial advisor, underwriting manager, underwriters, legal advisor, auditor, marketing, printing, distribution and other underwriting-related expenses. Net proceeds of the Offering will amount to about two hundred twenty-three million four hundred and seventy-four thousand six hundred and forty (223,474,640) Saudi Riyals, which will be used mainly to enhance the solvency margin and support the expansion of the Company's activity. The shareholders will not receive any of the proceeds arising from the offering.

In the event of any deviation of (5%) or more between the actual use of the proceeds of the Offering and what was disclosed in this Prospectus, the Company shall disclose such a deviation to the public on the Saudi Stock Exchange (Tadawul) website as soon as it becomes aware of it. This is in accordance with Paragraph (b) of Article (55) of the Rules on Offering of Securities and Continuing Obligations which stipulates: "The issuer shall, in the event of any deviation of 5% or more from actual use of the proceeds of the issuance of preemptive rights and what was disclosed in the prospectus, disclose each such case to the public once it becomes aware of it".

7.2 The use of Offering Proceeds

All insurance companies operating in the Kingdom conduct their activities in accordance with the Insurance Companies Control Law and the Implementing Regulations and subsequent amendments issued by SAMA from time to time.

The Net Offering Proceeds shall be used mainly to support the expansion of the Company's activity while adhering to the solvency requirements imposed by SAMA, as this will be done through the use of the proceeds of the subscription in investments and financial deposits, and shall also be used to fund the increase in the statutory deposit imposed on the Company by SAMA, due to the increase in the Company's capital. The shareholders will not receive any of the proceeds arising from the offering.

The following table indicates the expected use of the Offering Proceeds:

Table No. (69): Expected Use of Proceeds

Uses	2022G Q2	Amounts
Increasing the statutory deposit	34,421,196	34,421,196
Investments	189,053,444	189,053,444
Offering costs	6,000,000	6,000,000
Total	**229,474,640**	**229,474,640**

Source: The Company

The Company shall use the offering proceeds as follows:

7.2.1 Using the Net Offering Proceeds to increase the statutory deposit

In accordance with Article Fifty-eight (58) of the Implementing Regulations of the Cooperative Insurance Companies Control Law issued by SAMA, the statutory deposit ratio shall be ten percent (10%) of the paid-up capital, and SAMA may raise this percentage to a maximum of fifteen percent (15%) according to the risks faced by the Company. In accordance with the letter of SAMA No. (89/8223) dated 23/03/1441H (corresponding to 20/11/2019G), SAMA decided to require the Company to raise the statutory deposit ratio from ten percent (10%) previously to fifteen (15%) of The Company's capital, and accordingly the Company shall allocate Thirty-four million four hundred and twenty-one thousand one hundred and ninety-six

(34,421,196) Saudi riyals from the total Offering Proceeds as a statutory deposit. After increasing the Company's capital from Two hundred twenty-nine million four hundred and seventy-four thousand six hundred and forty (229,474,640) Saudi riyals to four hundred and fifty-eight million nine hundred and forty-nine thousand two hundred and eighty (458,949,280) Saudi riyals.

7.2.2 Using the Net Offering Proceeds in financial investments

The Company will use the sums of Offering Proceeds allocated for short and long-term investments and financial deposits, in addition to increasing and diversifying the Company's investment portfolio, which is invested in investment funds, Such as Murabaha and trading funds, fixed income, shares and sukuk, in addition to direct investment in bonds, sukuk and shares, in accordance with the executive regulations for monitoring cooperative insurance companies issued by the SAMA and the investment policy approved by the Board of Directors. Most of the investments shall be directed to investment instruments of few and medium risks within the Kingdom of Saudi Arabia. The Company intends to allocate an amount of One hundred and eighty-nine million fifty-three thousand four hundred and forty-four (189,053,444) Saudi riyals. The Company intends to make investments and financial deposits as soon as the capital increase process is completed, and the amounts will be distributed to investment channels in accordance with Article no. Sixty-one (61) of the Implementing Regulations of the Cooperative Insurance Companies Control Law, which states the following:

1) The Company shall, when formulating its investment policy, take into consideration that the maturity period for the invested assets is in concurrence with its liabilities according to the issued documents. The Company shall provide the Agency with an investment policy inclusive of assets distribution. If such investment policy was not approved by the Agency, the Company shall adhere to the investment instruments and percentages stated in Table (1) of the Implementing Regulations, provided that investments outside the Kingdom shall not exceed 20% of the total investment, while adhering to what was stated in paragraph (2) of Article Fifty-Nine (59), which stipulates that the investment shall be in riyals, equivalent to (50%) fifty percent of the total assets available for investment, and if the Company wishes to reduce this percentage, a prior written approval shall be obtained from SAMA.
2) The Company shall take into consideration the risks of investment concentration so that the concentration percentage does not exceed (50%) fifty percent of each investment instrument in Table No. (1) of the Implementing Regulations.

Article Sixty-Two (62) of the Implementing Regulations of the Cooperative Insurance Companies Control Law, which states that the Company shall not use financial instruments, such as derivatives and off-balance-sheet items, without the Agency's written approval. The company may not use the instruments for purposes otherwise managing the investment portfolio. The following points shall be taken into consideration:

1) Such derivatives shall be listed on a financial exchange, are capable of being readily closed out in short time, are based on assets listed in the assets valuation table and have a prescribed pricing basis.
2) That the company has sufficient provisions and assets to settle any obligations arising or potential from investing in these instruments.
3) The counter party shall be reputable and has sufficient solvency.

7.2.3 The purpose of using the subtraction proceeds

The company objective by using the net proceeds of the offering to increase the statutory deposit by (34,421,196) Saudi riyals and in financial investments by (189,053,444) Saudi riyals, to enhance the solvency margin and support the expansion of the company's activity.

The Implementing Regulations of the Cooperative Insurance Companies Control Law require the maintenance of a minimum amount of inclusive net assets in calculating the solvency margin, the requirement is translated into the need to maintain a minimum full cover (100%) of the solvency margin (Net assets included in the solvency account divided by the minimum solvency margin).

SAMA requires insurance companies to evaluate their net assets for the purpose of calculating the net assets that can be included in the solvency account according to specific tables and percentages of inclusion from SAMA, provided that the following is taken into account in accordance with Article Sixty-five (65) of the Implementing Regulations of the Cooperative Insurance Companies Control Law:

1) Market value shall not be exceeded in the valuation process and all assets, otherwise the Protection and Savings insurance assets, linked to the Investment, shall be excluded.
2) Maximum limit of 20% of the total permitted assets associated with one party.

Article 66 of the Implementing Regulations of the Cooperative Insurance Companies Control Law provides that the Company, in respect to its general and health insurance business, shall maintain a margin of solvency equivalent to the highest of the three methods below:

1) The minimum capital of one hundred million (SAR 100,000,000) Saudi Riyals for an insurer and two hundred million Saudi Riyals (SAR 200,000,000) for a reinsurer or an insurer operating in reinsurance;
2) Gross Written Premiums; or
3) Claims.

The details of the solvency margin as on December 31, 2018, 2019, 2020G and the nine-month period ending on September 30, 2021:

Table No. (70): Solvency Margin

Amount	December 31, 2018G	December 31, 2019G	December 31, 2020G	September 30, 2021G
Minimum capital requirements	100,000	100,000	100,000	100,000
Premiums solvency margin	40,805	77,934	80,429	87,570
Claims solvency margin	23,006	44,781	63,014	66,192
Minimum required for solvency margin	100,000	100,000	100,000	100,000
Net assets included in the solvency margin	584,125	630,092	1,131,330	1,041,033
Solvency Margin Cover (%)	%125	% 80	%108	% 2

Source: The Company

As on December 31, 2021, the Company did not comply with the minimum solvency margin cover imposed by SAMA of (100%), as the solvency margin cover reached (2 %), which required the Company to increase the capital to meet the requirements of the minimum required solvency margin cover.

The expected contributions of the Net Offering Proceeds in maintaining the capital requirements imposed on the Company by SAMA during the next three years are as follows:

Table No. (71): Expected contributions to the Net Offering Proceeds

Amount	December 31, 2022G (Estimated)	December 31, 2023G (Estimated)	December 31, 2024G (Estimated)
Minimum capital requirements	100,000	100,000	100,000
Premiums solvency margin	87,000	114,000	149,000
Claims solvency margin	52,744	51,758	61,245
Minimum required for solvency margin	100,000	100,000	100,000
Net assets included in the solvency margin	74,000	313,000	344,000
Solvency Margin Cover (%)	74%	274%	231%

Source: The Company

8 Expert Statements

All consultants whose names appear on pages (F) and (G) of this Prospectus have given their written consent to the reference to their and logos and to the publication of their statements in this Prospectus, and none of them has withdrawn its consent until the date of this Prospectus.

None of the above consultants or their employees or any of their relatives – within the work team that provides services to the Company – has any shareholding or interest of any kind in the Company Up to the date of this Prospectus that may jeopardize their independence.

No expert testimony is included in this prospectus.

9 Declarations

To the date of this Prospectus, the Company's Directors declare that:

1. There was no interruption in the business of the Company that could affect or have had a significant impact on the financial condition during the last (12) months.
2. No commissions, discounts, brokerage fees, or any non-monetary compensation were granted by the Company during the three years immediately prior to the date of submitting the application for registration and the Offering of securities in relation to the issuance or offering of any securities.
3. There has not been any material negative change in the financial and commercial status of the Company during the three years immediately preceding the date of filing the securities registration and offering subject to this Prospectus, in addition to the accounting period covered by the auditors' report until the approval date of this Prospectus, otherwise what was disclosed in Risk No. (2.1.2) "Risks Related to Accumulated Loss" in Section (2) "Risk Factors" in this Prospectus.
4. The members of the Board of Directors or any of their relatives do not have any shares or interest of any kind in the Company, otherwise what was stated in Risk No. (2.1.8) "Risks Related Parties" in Section (6) "Risk Factors" in this Prospectus.
5. The Company did not maintain treasury shares, and the EXTRAORDINARY GENERAL ASSEMBLY of the Company did not approve the purchase of the Company's shares.
6. The Company has inflicted losses during the fiscal years ending on December 31, 2019G, 2020G and the financial period ending on September 30, 2021G. Except for what is disclosed in this Prospectus, there has been no substantial negative change in the Company's financial and commercial position during the three financial years immediately preceding the date of submitting the application for registration and offering the preemptive rights subject to this prospectus, in addition to the end of the period covered by Auditor's Report until the prospectus is approved.

10 Legal Information

10.1 Company's Name

The Company was registered in the Commercial Registration of joint-stock companies of Dammam, under the commercial name: "GULF UNION COOPERATIVE INSURANCE CO".

10.2 The company history and foundation

GULF UNION COOPERATIVE INSURANCE CO, was initially established as a Saudi public joint stock company under the name "GULF UNION COOPERATIVE INSURANCE CO" pursuant to Royal Decree No. (M/60) issued on 18/09/1427H (corresponding to 11/10/2006G), the Honorable cabinet's resolution No. (233) issued on 16/09/1427H (corresponding to 10/10/2006G) and Ministerial Resolution No. (196/Q) on 22/7/1428H (corresponding to 05/08/2007G), and pursuant to Commercial Registration No. (2050056228).) issued by the city of Dammam on 13/08/1428H (corresponding to 26/08/2007G). On 21/04/1442H (corresponding to 06/12/2020G) the "Al Ahlia Cooperative Insurance Company" was merged into the "GULF UNION COOPERATIVE INSURANCE CO" The commercial name of the company becomes "Al Ahlia GULF UNION COOPERATIVE INSURANCE CO" while maintaining the commercial registration number and date.

On 29/08/1428H (corresponding to 11/09/2007G), the company obtained the Saudi SAMA's permit No. (TMN/9/20079) and the company performs its activities in accordance with the provisions of the Cooperative Insurance Companies Control Law and its executive regulations. This license was renewed on 20/03/1443H (corresponding to 26/10/2021G) for a period of three years starting from 26/08/1443H (corresponding to 29/03/2022G) and ending on 25/08/1446H (corresponding to 24/02/2025G)

The company's current capital is two hundred and twenty-nine million four hundred and seventy-four thousand six hundred and forty (229,474,640) Saudi riyals divided into twenty-two million nine hundred and forty-seven thousand four hundred and sixty-four (22,947,464) nominal shares of equal value, with a nominal value of ten (10) Saudi riyals per share.

10.3 Major changes in capital

- On 29/08/1428H (corresponding to 11/09/2007G), the company's entire shares were listed in the Saudi Stock Exchange (Tadawul in Saudi Arabia) with a number of twenty-two million (22,000,000) ordinary shares and a nominal value of ten (10) Saudi riyals by offering them for public subscription. Where the founding shareholders subscribed (60%) of the company's shares amounting to thirteen million two hundred thousand (13,200,000) ordinary shares with a total value of one hundred and thirty-two million (132,000,000) Saudi riyals of equal value, each of which is worth ten (10) Saudi riyals. The public at a rate of (40%) of the company's shares amounting to eight million and eight hundred thousand (8,800,000) ordinary shares and with a total value of eighty-eight million (88,000,000) Saudi riyals of equal value, the value of each of which is ten (10) Saudi riyals.
- On 22/08/1438H (corresponding to 18/05/2017G), the EXTRAORDINARY GENERAL ASSEMBLY agreed to reduce the company's capital by (31.82%) from two hundred twenty million riyals (220,000,000) Saudi riyals to one hundred and fifty million (150,000,000) Saudi riyals, and thus reduce the number of the company's shares from twenty-two million (22,000,000) shares to fifteen million (15,000,000) shares by canceling seven million (7,000,000) shares of the company's issued shares.
- and on 18/02/1442H (corresponding to 05/10/2020G), the extraordinary general assembly agreed to increase the company's capital from one hundred and fifty million (150,000,000) riyals to two hundred and twenty-nine million four hundred and seventy-four thousand six hundred and forty (229,474,640) Saudi riyals, by merging with Al-Ahlia Cooperative Insurance Company and issuing shares in consideration of seven million nine hundred and forty-seven thousand four hundred and sixty-four (7,947,464) shares with a nominal value of (10) Saudi riyals per share.

- On the date of xx/xx/xxxxH (corresponding to xx/xx/xxxxG), the extraordinary general assembly of the company agreed to increase the company's capital through the issuance of Preemptive Rights shares, and this will be done by offering two Twenty million nine hundred and forty-seven thousand four hundred and sixty-four (22,947,464) ordinary shares . Accordingly, the company's capital, after the completion of the subscription process, rises from two hundred and twenty-nine million four hundred and seventy-four thousand six hundred and forty (229,474,640) Saudi riyals to four hundred and fifty-eight million nine hundred and forty-nine thousand two hundred Eighty (458,949,280) Saudi riyals, an increase of 100% in the company's current capital.

10.4 Objectives of the Company

- As per its Commercial Registration Certificate No. (2050056228) on 13/08/1428H (26/08/2007), the Company may conduct the following activities: Protection and savings insurance, health insurance, General insurance.
- As per article 3 of its articles of association, the Company may conduct the following activities:
  Conducting cooperative insurance business in the following sectors (Protection and savings insurance, health insurance, General insurance), and the Company may assume all activities that need to be carried out to achieve its objectives, either in the insurance or fund investment domains; hold, move, sell, replace or lease fixed and liquid assets directly, through companies established or acquired thereby, or in partnership with other entities. The Company conducts its activities in accordance with the provisions of the Cooperative Insurance Companies Control Law, its Implementing Regulations and the rules and regulations in force in the Kingdom of Saudi Arabia subject to obtaining the necessary licenses from the competent authorities, if any.

The Company obtained the final approval from the SAMA to conduct its activities (for more details, please refer to item (1.3.9) "Licenses and permits under which the Company operates" in such section.

10.5 Company duration

As per article No. 6 of the Company's articles of association, the Company's duration shall be 99 ninety-nine Gregorian years, commencing from the date of commercial registration. The Company's duration may be thereafter extended by a resolution passed by an Extraordinary General Assembly meeting, before one year, at least prior to the end of the current duration.

According to the Commercial Registration, the current duration of the Company shall end on 12/08/1527H (corresponding to 03/07/2077G).

10.6 Board of Directors

10.6.1 Board Formation

As per article 15 of its articles of association, the Company shall be managed by a board of directors, which shall be composed of eleven (7) directors elected by Shareholders Ordinary General Assembly for a term not exceeding three years. On 20/04/1441H (17/12/2019G), the Shareholders Extraordinary General Assembly elected the board members for a new term of three years commencing on 20/04/1441H (17/12/2019G) for a period of three years ending on 22/05/1444H (corresponding to 16/12/2022G). The Board of Directors for the aforementioned session shall be formed by the following members:

Table No. (72): Board Members

Board of Directors members								
The Company's Board of Directors appointed on 20/04/1441H (corresponding to 17/12/2019G)*								
Name	Position	Membership status and independence	Nationality	Age	Owned shares			
					Direct		Indirect	
					No.	Ratio	No.	Ratio
Abdulaziz Ali Abdulrahman Al-Turki **	Chairman of Board of Directors	Non-executive Non-independent	Saudi	77	227,454	0.9911944%	-	-
Fawaz Talal Ali Al-Tamimi**	Deputy Chairman of the Board	Non-executive Non-independent	Saudi	38	681	0.0029676%	*** 481,499	*** 2.0982667%
Munir Hashem Abdul Razzaq Al-Borno	Board Member	executive Non-independent	Canadian	75	681	0.0029676%	-	-
Majid Shatti Hammoud Al-Dhafiri	Board Member	Non-executive Non-independent	Saudi	43	-	-	-	-
Ibrahim Abdullah Ibrahim Al-Mutref	Board Member	Non-executive independent	Saudi	73	681	0.0029676%	-	-
Ayham Muhammad Abdullah Al-Yousef	Board Member	Non-executive independent	Saudi	51	100	0.0004357%	-	-
Ghassan Muhammad Othman Kashmiri	Board Member	Non-executive independent	Saudi	52	-	-	-	-
Secretary of the Board of Directors								
Somaya Abdulaziz Ahmed Abu Daqin **	Secretary of the Board of Directors	-	Saudi	32	-	-	-	-

Source: The Company

* The Company's Ordinary General Assembly, in its meeting held on 20/04/1441H (corresponding to 17/12/2019G), agreed to elect the Directors for the current session, which starts from 20/04/1441H (corresponding to 17/12/2019G) and for a period of three years ending on the date of 22/05/1444H (corresponding to 16/12/2022G).

** The Company's board of directors decided on 27/04/1441H (corresponding to 24/12/2019G) to appoint Mr. Abdulaziz Ali Abdulrahman Al-Turki as Chairman of the Board of Directors. The Company's board of directors decided to appoint Mr. Fawaz Talal Ali Al-Tamimi as Deputy Chairman of the Board of Directors, and Mrs. Somaya Abdulaziz Ahmed Abu Daqin as Secretary of the Board of Directors. The company obtained the SAMA's no-objection on 09/07/1441H (corresponding to 04/03/2020G).

*** Indirect ownership by Mr. Fawaz Talal Ali Al-Tamimi, Deputy Chairman of the Board of Directors, as a result of his ownership in Al-Tamimi Company, owned by Ali and Muhammad Al-Tamimi, 100% of its capital, which in Gulf Union Al Ahlia Cooperative Insurance Co.owns 2.0982667 %, so his total indirect ownership amounting to 2.0982667 % of the issuer's share capital.

It is worth noting that the company's board members, whose names are mentioned above, recommended on 13/03/1443H (corresponding to 19/10/2021G) to increase the company's capital through priority rights from two hundred and twenty-nine million four hundred and seventy-four thousand six hundred and forty (229,474,640) Saudi riyals to four hundred and fifty-eight million, nine hundred and forty-nine thousand two hundred and eighty (458,949,280) Saudi riyals, with an increase of 100%, thus increasing the number of company shares from twenty-two million nine hundred and forty-seven thousand four hundred and sixty-four (22,947,464) ordinary shares to forty-five million Eight hundred and ninety-four thousand nine hundred and twenty-eight (45,894,928) ordinary shares.

The Company abides by the Companies Law and the Governance Regulations issued by the Board of Directors of the Capital Market Authority and the Insurance Companies Governance Regulations issued by the Saudi Central Bank SAMA, as the Company's articles of association stipulate that the number of board members shall be seven members elected by the Ordinary General Assembly for a period not exceeding three years. The Corporate Governance Regulation also shows the Company's commitment to Article (16) of the Corporate Governance Regulations, which obligate listed companies to have the majority of the board's members from non-executive members and that the number of its independent members shall not be less than two members or less than one third of the members of the Board (whichever is more), and therefore the Company shall abide by Clause (54) of the Insurance Companies Governance Regulations. Currently, there are three independent members in the board of directors of Gulf Union Al Ahlia Cooperative Insurance Co.out of seven members on the board.

10.6.2 Chairman, Deputy and Secretary of the Board of Directors

The Company is committed to the articles of association and governance regulations issued by the Board of Directors of the Capital Market Authority and the Insurance Companies Governance Regulations issued by SAMA in terms of mandatory appointment in these positions. The Company's board of directors agreed on 27/04/1441H (corresponding to 24/12/2019G) to appoint Mr. Abdulaziz Ali Abdulrahman Al-Turki as a Chairman of the Board of Directors. The Board also approved the appointment of Mr. Fawaz Talal Ali Al-Tamimi as Deputy Chairman of the Board of Directors, and the company obtained a no-objection letter from the Central Bank of Saudi Arabia SAMA on 09/07/1441H (corresponding to 04/03/2020G), and the their positions are as follows:

Mr. Fawaz Talal Ali Al-Tamimi, who submitted his resignation on 27/06/1442H (corresponding to 02/09/2021G), and the Board of Directors had previously decided on 14/04/1442H (corresponding to 29/11/2020G) to appoint Ms. Nouf Saud Naghimish Al-Haqbani as Chairman of the Company's Board of Directors, instead of the former Chairman of the Board, Eng. Thamer bin Abdullah bin Rayes, who submitted his resignation on 19/01/1442H (corresponding to 07/09/2020G), The Board also approved to appoint Mr. Hossam Talal Amin Ghazzawi as Deputy Chairman of the Board of Directors, instead of the former Deputy Chairman of the Board, Eng. Tariq bin Abdullah Al-Rumaim, who submitted his resignation on 02/03/1442H (corresponding to 19/10/2020G). The Company did not object to SAMA on 22/11/1442H (corresponding to 02/07/ 2021G). Below are the positions of the Board of Directors.

Table No. (73): Chairman, Deputy and Secretary of Board of Directors

Name	Position
Abdulaziz Ali Abdulrahman Al-Turki	Chairman of Board of Directors
Fawaz Talal Ali Al-Tamimi	Deputy Chairman of the Board
Somaya Abdulaziz Ahmed Abu Daqin	Secretary of the Board of Directors

Source: The Company

According to the Company's articles of association, the board of directors has the widest powers in managing the Company in a way that achieves its objectives, and within the limits of its competence, it may delegate one or more of its members or third parties to carry out certain work or businesses – in a manner that does not conflict with the relevant laws and regulations.

The Chairman of the Board of Directors shall have the following duties, powers and competencies: including, but not limited to, representing the Company in its relations with third parties, governmental and private agencies, before all Sharia and legal courts, the Board of Grievances, labor and workers offices, the higher and primary committees for the settlement of labor disputes, the Commercial Papers Committee, all other judicial committees, arbitration and civil rights entities, police departments, chambers of commerce and industry, all companies, institutions, banks, commercial banks, money houses, all government funding funds and institutions of various names and specializations, and other lenders. The Chairman of the Board of Directors shall be entitled to acknowledge, demand, defend, plead, litigate, waive, conciliate, accept and deny judgments, arbitrate, request execution of judgments and oppose them, collect what is obtained from execution, enter into tenders, buy and sell and mortgage real estate. The Chairman of the Board of Directors shall be also entitled to contract and sign in the name and on behalf of the Company, all types of contracts, policies and documents, including but not limited to; articles of association of companies in which the Company is involved with all its amendments, appendices and amendment decisions; sign agreements and instruments before the notary public and official authorities, as well as loan agreements, guarantees, warranties and instruments for the sale and purchase of real estate, issue power of attorneys on behalf of the Company, and to sell, buy, transfer of property, and accept the same; receipt, delivery, rent, lease, collect money, pay duties, open accounts and credits, withdraw and deposit with banks, and issue guarantees to banks, funds and government financing institutions in the name of the Company, sign all papers, promissory notes, cheques, all commercial papers, policies and all banking transactions.

10.6.3 Board Remuneration

The Board of Directors Remuneration consists of the percentage stipulated in the Company's articles of association. The Board of Directors reports for the year 2020G (which was approved by the (Ordinary) General Assembly on 19/11/1442H (corresponding to 29/06/2021G), and for the year 2019G (which was approved by the (Ordinary) General Assembly) on 02/11/1411H (corresponding to 23/06/2020G), and 2018G (which was approved by the (Ordinary) General Assembly on 14/09/1440H (corresponding to 19/05/2019G), include a comprehensive statement of all that the Directors received during the fiscal year in terms of bonuses, allowances, expenses and other benefits. The aforementioned report also included a statement of what the members of the Board received in their capacity as employees or administrators, or what they received in return for technical, administrative or advisory work. It also includes a statement of the number of Board sessions and the number of sessions attended by each member from the date of the last meeting of the General Assembly. Article (19) of the Company's articles of association (as amended) stipulates that the annual remuneration and financial or in-kind benefits of the Directors for the services they perform, shall be determined in accordance with the provisions of Article nineteen (19) of the articles of association, So that the maximum limit for the total remunerations and benefits a member receives, financial or in kind, is five hundred thousand (500,000) Saudi riyals annually in accordance with the regulations set by the competent authorities. The article also states: In the event that the Company achieves profits, a percentage equivalent to (10%) of the rest of the net profit may be distributed after deducting the reserves decided by the General Assembly in application of the provisions of the Cooperative Insurance Companies Control Law and after distributing a profit to shareholders of no less than (5%) of the Company's paid-up capital, provided that the entitlement to this bonus is proportional to the number of sessions attended by the member, and any estimate to the contrary is void.

10.6.4 Board Meetings

According to Article (21) of the Company's articles of association, the board shall meet at the Company's headquarters at the invitation of its chairman, and the chairman of the board must call for a meeting when requested by two of the members, and the invitation shall be documented in the manner the board deems fit. Board meetings are held periodically and whenever needed, provided that the number of annual Board meetings is not less than four (4) meetings, so that there is at least one meeting every three months.

10.6.5 Board Committees

The Board of Directors shall have (5) five sub-committees, which are as follows:

- Audit Committee

The Audit Committee is composed of four (3) members. The members of the Audit Committee were appointed by the (Extraordinary) General Assembly held on 02/04/1441H (corresponding to 17/12/2019G) for three years, and expires on 22/05/1444H (corresponding to 16/12/2022G), and the Company obtained SAMA's no-objection on15/02/1441H (corresponding to 14/10/2019G).Audit Committee consists of the following members:

Table No. (74): Audit Committee Members

Name	Position
Ibrahim Abdullah Ibrahim Al-Mutref	Chairman
Muhammad Aqil Atallah Al-Sha'i	Member
Ibrahim Abdul Aziz Ibrahim Al-Muqahem	Member

Source: The Company

The work regulations of the Audit Committee was approved by the Extraordinary General Assembly in its meeting held on 20/04/1441H (corresponding to 19/12/2019G).

The Committee held seven (8) meetings during the fiscal year ending on December 31, 2018G, six (6) meetings during the fiscal year ending on December 31, 2019G, and eight (10) meetings during the fiscal year ending on December 31, 2019G.

- Nomination and Remuneration Committee

The Nominations and Remunerations Committee is composed of four (3) members who were appointed by the Board of Directors in accordance with the decision of the Company's Board of Directors in its meeting held on 26/04/1441H (corresponding to 24/12/2019G), and expires by the end of the current term of the Board of Directors on 22/05/1444H (corresponding to 16/12/2022G), and the Company obtained no-objection letter from SAMA on 09/07/1441H (corresponding to 04/03/2020G), and it consists of the following members:

Table No. (75): Nomination and Remuneration Committee Members

Name	Position
Ibrahim Abdullah Ibrahim Al-Mutref	Chairman
Ayham Muhammad Abdullah Al-Yousef	Member
Fawaz Talal Ali Al-Tamimi	Member

Source: The Company

The Committee held seven (10) meetings during the fiscal year ending on December 31, 2018G, twelve (12) meetings during the fiscal year ending on December 31, 2019G, and five (5) meetings during the fiscal year ending on December 31, 2020G.

- Executive Committee

The Executive Committee is composed of three (3) members who were appointed by the Board of Directors in accordance with the decision of the Company's Board of Directors in its meeting held on 26/04/1441H (corresponding to 24/12/2019G), and expires by the end of the current term of the Board of Directors on 22/05/1444H (corresponding to 16/12/2022G), and the Company obtained no-objection letter from SAMA on 09/07/1441H (corresponding to 04/03/2020G), and it consists of the following members:

Table No. (76): Executive Committee Members

Name	Position
Abdulaziz Ali Abdulrahman Al-Turki	Chairman
Fawaz Talal Ali Al-Tamimi	Member
Munir Hashem Abdul Razzaq Al-Borno	Member

Source: The Company

- Risk Management Committee

The Risk Management Committee is composed of three (3) members who were appointed by the Board of Directors in accordance with the decision of the Company's Board of Directors in its meeting held on 26/04/1441H (corresponding to 24/12/2019G), and expires by the end of the current term of the Board of Directors on 22/05/1444H (corresponding to 16/12/2022G), and the Company obtained no-objection letter from SAMA on 09/07/1441H (corresponding to 04/03/2020G), and it consists of the following members:

Table No. (77): Risk Committee Members

Name	Position
Majid Shatti Hammoud Al-Dhafiri	Chairman
Ayham Muhammad Abdullah Al-Yousef	Member
Ghassan Muhammad Othman Kashmiri	Member

Source: The Company

The Committee held three (3) meetings during the fiscal year ending on December 31, 2018G, three (3) meetings during the fiscal year ending on December 31, 2019G, and three (3) meetings during the fiscal year ending on December 31, 2020G.

- Investment Committee

The Investment Committee is composed of four (4) members who were appointed by the Board of Directors in accordance with the decision of the Company's Board of Directors in its meeting held on 26/04/1441H (corresponding to 24/12/2019G), and expires by the end of the current term of the Board of Directors on 22/05/1444H (corresponding to 16/12/2022G), and the Company obtained no-objection letter from SAMA on 09/07/1441H (corresponding to 04/03/2020G), and it consists of the following members:

Table No. (78): Investment Committee Members

Name	Position
Abdulaziz Abdullah Abdulaziz Al-Naeem	Chairman
Majid Shatti Hammoud Al-Dhafiri	Member
Munir Hashem Abdul Razzaq Al-Borno	Member
Mishaal Ibrahim Saleh Al-Shaya*	Member

* The Board of Directors decided in its meeting held on 14/05/1442H (corresponding to 29/12/2020G) to add a new member to the Investment Committee by the nomination of Mr. Mishaal Ibrahim Saleh Al-Shaya, whose appointment was approved after obtaining the Central Bank of Saudi Arabia's (SAMA) no-objection on 01/08/1442H (corresponding to 14/03/2021G).

The Committee held three (3) meetings during the fiscal year ending on December 31, 2018G, three (3) meetings during the fiscal year ending on December 31, 2019G, and four (4) meetings during the fiscal year ending on December 31, 2020G.

10.6.6 Executive Management

The position of Chief Executive Officer is currently occupied by Mr. Mishaal Ibrahim Saleh Al-Shaya, as of 05/11/1442H (corresponding to 15/06/2021G), and the following table indicates the details of the Company's executive management:

Table No. (79): Executive Management

Name	Position	Nationality	Age	Appointment date	Owned shares			
					Direct		Indirect	
					No.	Ratio	No.	Ratio
Mishaal Ibrahim Saleh Al-Shaya	Chief Executive Officer	Saudi	46	13/04/2021G	-	-	-	-
Abdullah Saeed Harboush Al-Harith	General Manager	Saudi	39	21/07/2013G	-	-	-	-
Naji Ahmed Ali Al-Mustafa	chief financial officer	Saudi	40	16/09/2021G	-	-	-	-
Ayed Eid Rifai Al Hazimi	Manager of Human Resources Department	Saudi	34	11/12/2017G	-	-	-	-
Hassan Ahmed Hassan Attia	IT department manager	Egyptian	40	01/10/2014G	-	-	-	-
Zahraa Shaker Abdullah Al-Warash	Cyber Security Manager	Saudi	32	04/01/2018G	-	-	-	-
Eman Muhammad Ali Al-Eithan	Customer Service Manager	Saudi	40	07/01/2018G	-	-	-	-
Abdullah Sher Khan	Head of the actuarial department	Pakistani	29	11/03/2021G	-	-	-	-
Abdel Moneim Abdullah Ahmed Al Buali	Head of technical department	Saudi	41	26/10/2018G	-	-	-	-
Saeed Saad Al-Hamidi Al-Subaie	Central Compensation Manager	Saudi	40	28/03/2021G	-	-	-	-
Hamad Abdullah Hamad Al-Nasser	Head of Legal Affairs Department	Saudi	31	23/04/2017G	-	-	-	-
Sevkumar Seshadri	Project management and business development officer	Indian	47	11/04/2021G	-	-	-	-
Mamdouh Mohsen Saleh Al-Ibrahim	Point of Sale Manager	Saudi	41	31/12/2011G	-	-	-	-
Muhammad Hussain Muhammad al-Tulaili	Western Territory Manager	Saudi	31	18/09/2016G	-	-	-	-
Othman Suleiman Othman Al-Nazir	Middle Territory Manager	Saudi	47	17/09/2011G	-	-	-	-
Mortada Muhammad Hassan Al-Mohsen	Eastern Territory Manager	Saudi	38	09/04/2019G	-	-	-	-
Villeracatito Morali	Manager of General Insurance Underwriting Department	Indian	62	02/12/1991G	-	-	-	-
Razan Saleh Ali Al Yahya	Manager of Vehicle Insurance Underwriting Department	Saudi	31	09/07/2017G	-	-	-	-
Jassim Mohammed Ahmed Al Jaafar	Manager of Medical Insurance Underwriting Department	Saudi	34	01/11/2011G	-	-	-	-
Fadel Abbas Hussein Al Hashem	Reinsurance Operations Manager	Saudi	33	01/12/2019G	-	-	-	-

Source: The Company

10.6.7 Corporate Governance

In accordance with the laws, regulations, and instructions issued by the Capital Market Authority CMA, in particular the Corporate Governance Regulations issued by the decision of the Council of the CMA pursuant to Resolution No. (8/16/2017G) dated 50/16/1438H (corresponding to 02/13/2017G) based on the Companies Law issued by decree Royal No. (M/3) dated 28/01/1437H (corresponding to 10/11/2015G), as amended by the CMA's Council Resolution No. (01/7/2021) dated 01/06/1442H (corresponding to 14/01/2021G), in addition to Insurance Companies Governance Regulations issued by SAMA. A corporate governance guide was developed and approved by the Ordinary General Assembly on 14/10/1439H (corresponding to 28/06/2018G). Its amendment was also approved in accordance with the General Assembly meeting held on 14/09/1440H (corresponding to 19/05/2019G).

10.7 Government Approvals, Licenses and Certificates

10.7.1 Table of Approvals and Licenses

The Company (including its branches) obtained several regular and operational licenses and certificates from the competent entities. These licenses and certificates are periodically renewed, any expired ones are under renewal according to the usual procedures. The directors acknowledge that the Company obtained all licenses and approvals required to practice its business and continue on such basis, any expired ones are under renewal. The directors are unaware of any impediments to the renewal of any expired licenses or certificates. The following tables demonstrate the current licenses and certificates obtained by the Company:

Table No. (80): Licenses and approvals obtained by the Company

Type of License	Purpose	License No.	Issue Date	Expiry Date	Issuer
Commercial Registration	Registering the Company in the Commercial Registry (Joint-Stock Companies)	2050056228	13/08/1428H (Corresponding to 26/08/2007G)	12/08/1443H (Corresponding to 15/03/2022G)	Ministry of Commerce – Commercial Registry Office at Dammam
Chamber of Commerce and Industry Membership Certificate	Company's compliance with the Commercial Registry's law obliging the Company to subscribe in the Chamber of Commerce and Industry	89500	30/01/1443H (Corresponding to 07/09/2021G).	12/08/1443H (Corresponding to 15/03/2022G)	Asharqia Chamber
Permit to Practice Insurance Business	Practice of general insurance business, health insurance and protection and savings insurance	P P B/9/20079	29/08/1428H (Corresponding to 11/09/2007G)	25/08/1446H (Corresponding to 24/02/2025G)	Saudi Central Bank
Service Investment License	Practice of insurance business	2732029484	13/09/1426H (Corresponding to 16/10/2005G)	12/02/1444H (Corresponding to 08/09/2022G)	Ministry of Investment
***Social Insurance Certificate**	Company's obligation towards	502012673	06/04/1443H (Corresponding to 12/11/2021G)	06/05/1443H (Corresponding to 11/12/2021G)	General Organization for Social Insurance
Zakat and Income Certificate	To state that the Company submitted its return for the period ended on 31/12/2020G	1110818989	19/11/1442H (Corresponding to 29/06/2021G)	29/09/1443H (Corresponding to 30/04/2022G)	Zakat, Tax and Customs Authority
Saudization Certificate	To state that the Company is complied with the Saudization rates required according to Nitaqat	20002111018317	16/04/1443H (Corresponding to 21/11/2021G)	20/07/1443H (Corresponding to 21/02/2022G)	Ministry of Human Resources and Social Development
Council of Cooperative Health Insurance	Eligibility license to practice cooperative health insurance	N/A	N/A	13/07/1443H (Corresponding to 15/02/2022G)	Council of Cooperative Health Insurance

Source: Company

*Under renewal as on the date of this Prospectus.

Summary of Approvals related to Insurance Products Provided by the Company in accordance with the Applicable Laws:

Table No. (81): Summary of approvals related to industrial products provided by the company in accordance with the applicable regulations

S/N	Product	Approval No.	Date of Approval
1	Third-Party Insurance Policy	1259 \IS	12/05/1433H Corresponding to (04/04/2012G)
2	Extended Third-Party Insurance Policy	341000001013	04/01/1434H Corresponding to (18/11/2012G)
3	Group Protection Insurance Policy (Group Takaful)	1165 \IS\	03/05/1433H Corresponding to (26/03/2012G)
4	Workmen's Compensation Insurance Policy	371000088916	10/08/1437H Corresponding to (17/05/2016G)
5	Employer Liability Insurance Policy	371000088906	10/08/1437H Corresponding to (17/05/2016G)
6	Stevedore Liability Insurance Policy	371000088902	10/08/1437H Corresponding to (17/05/2016G)
7	Directors, Employees and Company's Compensation Liability	371000115276	06/11/1437H Corresponding to (10/08/2016G)
8	Civil Liability and Product Liability Insurance Policy	371000088908	10/08/1437H Corresponding to (17/05/2016G)
9	Group Personal Accident Insurance Policy	371000088906	10/08/1437H Corresponding to (17/05/2016G)
10	Individual Personal Accident Insurance Policy	371000088893	10/08/1437H Corresponding to (17/05/2016G)
11	Professional Liability Insurance – Architects and Civil Engineers (Groups)	F-GUAH-1-C-21-046	17/04/1443H Corresponding to (22/11/2021G)
12	Professional Liability Insurance – Auditors (Groups)	F-GUAH-1-C-21-045	17/04/1443H Corresponding to (22/11/2021G)
13	Professional Liability Insurance – Financial Consultants (Groups)	F-GUAH-1-C-21-044	17/04/1443H Corresponding to (22/11/2021G)
14	Motor Trade Insurance Policy (Internal Risks)	1135\IS \36588	10/08/1429H Corresponding to (12/08/2008G)
15	Motor Trade Insurance Policy (External Risks)	1135\IS \36588	10/08/1429H Corresponding to (12/08/2008G)
16	Commercial Vehicle Comprehensive Coverage Policy	341000062967	19/05/1434 Corresponding to (30/03/2013G)
17	Private Vehicle Comprehensive Coverage Policy	341000062967	19/05/1434 Corresponding to (30/03/2013G)
18	Unified Compulsory Motor Insurance Policy – Third Party	341000062967	19/05/1434 Corresponding to (30/03/2013G)
19	Glass Insurance Policy	1322\IS\48708	21/10/1430H Corresponding to (24/01/2009G)
20	Property All-Risk (LM7) Insurance: with the option to restate or replace property prior to losses	2960\IS	27/12/1433H Corresponding to (12/11/2012G)
21	Property All-Risk (ABI) Insurance: with the option to only replace property	2960\IS	27/12/1433H Corresponding to (12/11/2012G)
22	Householders' Liability Insurance Policy	371000088913	10/08/1437H Corresponding to (17/05/2016G)
23	Jewelry All-Risk Insurance Policy	371000088905	10/08/1437H Corresponding to (17/05/2016G)
24	Theft Insurance Policy	1598\IS\	01/09/1430H Corresponding to (22/08/2009G)

25	Money Insurance Policy	1844\IS\49207	18/10/1431H Corresponding to (27/09/2010G)
26	Road Transport Insurance Policy	371000088895	10/08/1437H Corresponding to (17/05/2016G)
27	Fidelity Insurance Policy	701\IS\	16/03/1433H Corresponding to (08/02/2012G)
28	Travel Insurance Policy	371000115093	05/11/1437H Corresponding to (08/08/2016G)
29	Travel Insurance Premium Policy (Amended)	381000081437	05/08/1438 H Corresponding to (01/05/2017G)
30	Visit Visa Insurance Policy (E-Sale)	381000035181	30/03/1438 H Corresponding to (29/12/ 2016)
31	Fire Insurance Policy	2960\IS	27/12/1433H Corresponding to (12/11/2012G)
32	Business Interruption Insurance Policy (Fire)	2960\IS	27/12/1433H Corresponding to (12/11/2012G)
33	Business Interruption Insurance Policy	2960\IS	27/12/1433H Corresponding to (12/11/2012G)
34	Sabotage and Terrorism Insurance Policy	361000106200	03/08/1436H Corresponding to (21/05/2015G)
35	Marine Hull Insurance Policy	371000088911	10/08/1437H Corresponding to (17/05/2016G)
36	Marine Shipping Insurance Policy	371000088911	10/08/1437H Corresponding to (17/05/2016G)
37	Marine Shipment Insurance Policy	371000088899	10/08/1437H Corresponding to (17/05/2016G)
38	Machinery Breakdown Insurance Policy	126\IS\	27/01/1430H Corresponding to (24/01/2009G)
39	Loss of Profits Following Machinery Breakdown Insurance Policy	126\IS\	27/01/1430H Corresponding to (24/01/2009G)
40	Deterioration of Stock in Cold Storage Insurance Policy (Spoilt Stock)	126\IS\	27/01/1430H Corresponding to (24/01/2009G)
41	Boiler and Pressure Vessel Insurance Policy (Industrial Boilers)	126\IS\	27/01/1430H Corresponding to (24/01/2009G)
42	Electronic Equipment Insurance Policy	126\IS\	27/01/1430H Corresponding to (24/01/2009G)
43	Contractors' All-Risk Insurance	126\IS\	27/01/1430H Corresponding to (24/01/2009G)
44	Contractors – Installation All-Risk Insurance Policy	126\IS\	27/01/1430H Corresponding to (24/01/2009G)
45	Contractors' Plant and Equipment Insurance Policy	126\IS\	27/01/1430H Corresponding to (24/01/2009G)
46	Compulsory Cooperative Health Insurance	1074\Is\	09/07/1429H Corresponding to (12/07/2008G)

47	Individual Health Insurance	1074\Is\	09/07/1429H Corresponding to (12/07/2008G)
48	Medical Professional Liability Insurance	371000115274	06/11/141437H Corresponding to (10/08/2016G)

Source: Company

10.7.2 Continuing Obligations Imposed on the Company by Government Authorities

The supervisory authorities mentioned below oblige the Company to comply with some material requirements as follows:

10.7.2.1 Continuing Obligations According to Saudi Central Bank's Requirements:

- In accordance with Article (76) of the Implementing Regulations of the Cooperative Insurance Companies Control Law, Saudi Central Bank shall be entitled to request the license withdrawal of the Company in the following cases:

  a) If the Company does not carry out its licensed business activities for a period of six months from the issuance date of the license.
  b) If the Company does not comply with the Cooperative Insurance Companies Control Law and its Implementing Regulation.
  c) If discovered by Saudi Central Bank that the applicant intentionally provided false information in the application.
  d) If discovered by Saudi Central Bank that the rights of the insured, beneficiaries or shareholders are at risk of being lost as a result of the way the Company conducts its business.
  e) If the Company or freelancer goes bankrupt, thus becoming unable to fulfil their obligations.
  f) If the business is fraudulently conducted by the Company or freelancer.
  g) If the capital falls below the prescribed minimum limit or the Company failed to fulfill financial solvency requirements contained in the Implementing Regulation.
  h) If the insurance business falls to a limit that Saudi Central Bank finds unviable to operate under.
  i) The Company's refusal to pay the due payments without just cause.
  j) The Company's or freelancer's prevention of the inspection team assigned by Saudi Central Bank from performing its task in examining its records.
  k) Failure to implement a final judgment issued against it in any insurance disputes.

- Regarding clause (g) above, the Company must comply with the solvency margin required under Articles sixty-six (66) and sixty-seven (68) of the Implementing Regulations of Cooperative Insurance Companies Control Law. In the last couple of years, the financial solvency margin coverage fell below the minimum limit required by Saudi Central Bank, which is (100%). On 13/03/1443H (corresponding to 19/10/2021G), the Board of Directors recommended that the capital would be increased by issuing shares of pre-emptive rights at two hundred twenty-nine million four hundred seventy-four thousand six hundred forty (229,474,640) Saudi Riyals to increase the capital to four hundred fifty-eight million nine hundred forty-nine thousand two hundred eighty (458,949,280) Saudi Riyals. Accordingly, the Company obtained a non-objection certificate from Saudi Central Bank to increase the capital by two hundred twenty-nine million four hundred seventy-four thousand six hundred forty (229,474,640) Saudi Riyals under letter No. (43038443, dated 27/04/1443H (corresponding to 02/12/2021G).

10.7.2.2 Continuing Obligations according to Ministry of Commerce's Requirements

- The Company is committed to the Commercial Registration Law regarding the registration with the Commercial Registration Department at Dammam, where the head office is located, under certificate No. (2050056228), dated 13/08/1428H (corresponding to 26/08/2007G).

- The Company is also compliant with the Companies Act in respect of approval of its articles of association, which was adjusted to align with the new and latest amendments to Companies Act after taking the prior approval from the Ministry of Commerce on the draft articles of association along with the shareholders' approval in the (Extraordinary) General Assembly meeting. The articles of association were also approved by the Corporate Governance Department, Ministry of Commerce on 06/05/1442H (corresponding to 21/12/2020G). The Company also is compliant with the requirements of the Capital Markets Authority (CMA) and Saudi Stock Exchange (Tadawul) in respect of uploading a copy of its articles of association on Tadawul website in the Company's page.

- The Company is complaint with the Commercial Registration Law as to obtaining the Chamber of Commerce and Industry membership certificate according to the certificate issued by "Asharqia Chamber" under No. (89500), dated 14/08/1428H (corresponding to 27/08/2007G), which expires on 12/08/1443H (corresponding to 15/03/2022G).

- The Company's branches are liable to complete the establishment processes of its branches, and it is compliant with the Commercial Registration Laws in respect of registering these branches with the Commercial Registration and obtaining a Chamber of Commerce and Industry membership certificate for each branch (for more information, please refer to sub-section (10.7.2.8) "Company Branches and Points of Sale" of section (10) "Legal Information" hereof).

10.7.2.3 Continuing Obligations According to Capital Markets Authority's (CMA) Requirements

The Capital Markets Authority (CMA) requires listed companies to comply with the Rules on the Offer of Securities and Continuing Obligations, special instructions issued by the Capital Markets Authority (CMA), in particular the obligation to periodically disclose material and financial developments and the Board of Directors' report. Insurers are also obligated to announce their financial results in accordance with the forms approved by the Capital Markets Authority (CMA), which must include clear data on the surplus (deficit) of insurance operations minus the return on investments of policyholders, total underwritten insurance premiums, net claims incurred, net profits (losses) of investments of policyholders, net profits (losses) of investments of shareholders' funds, and a comparison of such data with the corresponding quarterly or annual period. According to the Listed Companies' Continuing Obligations Manual, the annual financial results announced on (Tadawul) website must be derived from the audited financial statements approved by Company's external auditor appointed by the general assembly and approved by Board of Directors. In addition, the form of announcement, set out in the Instructions for Companies' Announcements of their financial results, must be adhered to, and the Company must also provide a statement of all the reasons and impacts of the change in financial results of the current financial year with the comparison period so that the reasons include all items of financial results announcement.

It is worth noting that regarding the public joint-stock companies' solvency, on 23/01/1438H (corresponding to 24/10/2016G), Capital Markets Authority (CMA)'s Board Resolution No. (1-130-2016) was issued to amend the procedures and instructions for market-listed-companies whose accumulated losses amounted (50%) or more of their capital in light of the New Companies Law. The name has been modified to become "Procedures and Instructions Related to Listed Companies with Accumulated Losses Reaching 20% or more of their Share Capital". The amended procedures and instructions shall be adopted as of 25/07/1438H (corresponding to 22/04/2017G).

Capital Markets Authority (CMA) also obliged listed companies, whose accumulated losses reach (50%) or more of the paid capital, to disclose on Tadawul website prior to 24/07/1438H (corresponding to 21/04/2017G) its plan regarding the application of Article (150) of the Companies Law.

Capital Markets Authority (CMA) also obliged listed companies to follow the instructions related to listed joint-stock companies' announcements issued pursuant to the Capital Markets Authority (CMA)'s Board Resolution No. (4-8-2017) dated 26/04/1438H (corresponding to 24/01/2017G).

As of the date of this Prospectus, the Company did not violate any of the said instructions and follows the Capital Market Law and its implementing regulations. The directors confirm that the Company shall continuously comply with the laws, regulations and instructions of the Capital Markets Authority (CMA) and Saudi Stock Exchange (Tadawul) up to the date of this Prospectus, and they shall undertake to continue comply with the same.

10.7.2.4 Continuing Obligations According to the Requirements of the Council of Cooperative Health Insurance

- Medical insurance products are subject to the regulations of the Council of Cooperative Health Insurance ("Insurance Council") after being approved by Saudi Central Bank. The Insurance Council monitors the Company and ensures its compliance with the terms regulating the provision of medical insurance products.
- Article (43) of the Implementing Regulation of the Cooperative Health Insurance Law stipulates that insurers may not provide cooperative health insurance unless accredited by the Insurance Council. Accreditation shall be limited to a period of three years renewable for similar periods. Article (44) of the Implementing Regulations of the Cooperative Health Insurance Law stipulates that cooperative insurance companies shall be accredited to provide health insurance pursuant to an application submitted for such purpose. The Insurance Council may specify the details it deems necessary regarding the nature and scope of data to be included in the application. The Insurance Council shall decide on such application within ninety days from the date of submission.
- The Insurance Council shall monitor the Company and ensure its compliance with the conditions regulating the provision of medical insurance products, including:
  - Commitment to provide specialized medical staff to give the necessary medical approvals within a time period not exceeding (60) sixty minutes. In the event of non-approval, the reasons must be formally explained.
  - Commitment to pay dues to medical service providers, such as hospitals and medical clinics, no later than (45) forty-five days.

10.7.2.5 Continuing Obligations According to the Requirements of the Ministry of Investment:

Due to the ownership of some foreign founding shareholders (non-Saudis and non-Gulf citizens) in the capital, the Company issued a service investment license No. (2732029484) (issued by the Ministry of Investment on 13/09/1426H (corresponding to 16/10/2005G) and valid until 12/02/1444H (corresponding to 08/09/2022G)).

The Ministry of Investment requires licensed companies to abide by the following instructions: (1) the commercial registration data shall not differ from the data in the investment license issued by the Capital Markets Authority (CMA); (2) not to engage in an unlicensed investment or commercial activity; (3) having an investment license for the Company's branches and marketing centers (i.e., points of sale); (4) not to cease the investment activity during the license validity period, except in cases of force majeure that are accepted by the Capital Markets Authority (CMA), while submitting a timetable indicating the date of resumption of activity within five days as of the occurrence of the force majeure event; (5) not to use the name or logo of a global or local commercial agency without a license, or to use publications, seals or advertising media in a trade name that is contrary to the name licensed by the Ministry of Investment; (6) conformity of product specifications and style with approved Gulf, Saudi or international specifications; or (7) notify the Capital Markets Authority (CMA) in writing of changing the address, correspondence and contact data, or updating the data.
All companies licensed by the Ministry of Investment must apply for amending their license in accordance with any amendments to their data, for example in the event of reducing or increasing the capital, amending the trade name or opening of branches.
As on the date of this Prospectus, the Company is committed to the requirements of the Ministry of Investment and the above-mentioned license terms and instructions.

10.7.2.6 Continuing Obligations according to Zakat, Tax and Customs Authority's requirements:

The Company is committed to submit its Zakat and tax returns within 120 days of the end of each financial year to renew the certificate issued by Zakat, Tax and Customs Authority. The Company was registered as a "taxpayer" under unique tax No. (3005242812). The Company submitted its Zakat return for the financial year ended on 31/12/2020G and obtained a Zakat, Tax and Customs Authority certificate No. (1110818989), dated 19/11/1442H (corresponding to 29/06/2021G).

10.7.2.7 Continuing Obligations according to the Ministry of Human Resources and Social Development's requirements:

A file was opened with the Ministry of Human Resources and Social Development under the consolidated No. (4-57388) according to the issued Saudization certificate. As of the date hereof, the Company benefits from the electronic services of the Ministry of Human Resources and Social Development. The Saudization certificate was obtained to inform that the Company is compliant with the required Saudization rates in accordance with the Nitaqat, and the Company is ranked in the platinum zone.

10.7.2.8 Company's Branches and Points of Sale

Article (5) of the Company's articles of association stipulates that the Company may establish branches, offices or agencies inside or outside the Kingdom of Saudi Arabia after the approval of Saudi Central Bank. In accordance with Article (9) of the Cooperative Insurance Companies Control Law, Saudi Central Bank's written approval must be obtained prior to inaugurating branches of insurance companies. Saudi Central Bank requires insurers wishing to inaugurate branches to adhere to the statutory procedures related to the inauguration of branches for joint-stock companies issued by the Ministry of Commerce. As for the points of sale, the municipality license and/or lease contract are sufficient if the point of sale is located in government facilities, hotels or tourist resorts (such as a kiosk). As of the date of this Prospectus, the Company obtained the final approval of the Saudi Central Bank to inaugurate a number of branches and points of sale as follows:

Table No. (82): Branches and Municipal Licenses Obtained

Type of License	Purpose	License No.	Issue Date	Expiry Date	Address	Municipality License	Expiry Date
Commercial Register	Registering the Company in Commercial Registry (Company branch)	2050118944	09/02/1440H (Corresponding to 18/10/2018G)	09/02/1444H (Corresponding to 05/09/2022G)	Dammam, Al-Moajil Commercial Center	3909207739	12/11/1443H (Corresponding to 11/06/2022G)
Commercial Register	Registering the Company in Commercial Registry (Company branch)	1010238441	07/09/1428H (Corresponding to 19/09/2007G)	07/09/1443H (Corresponding to 08/04/2022G)	Riyadh, Al Yarmuk District	42013811234	26/01/1444H (Corresponding to 24/08/2022G)
Commercial Register	Registering the Company in Commercial Registry (Company branch)	4030177933	28/03/1429H (Corresponding to 05/04/2008G)	28/03/1444H (Corresponding to 24/10/2022G)	Jeddah, Al Salam District	41022580617	09/02/1446H (Corresponding to 13/08/2024G)

Source: Company

Table No. (83): Points of sale, commercial registers and obtained municipality licenses:

Type of License	Purpose	License No.	Issue Date	Expiry Date	Address	Municipality License	Expiry Date
Commercial Register	Points of Sale	1010352878	24/11/1433H (Corresponding to 10/10/2012G)	24/11/1444H (Corresponding to 13/06/2023G)	Riyadh, Al Rawdah District	40031850127	Under Renewal
Commercial Register	Points of Sale	1010346145	10/09/1433H (Corresponding to 29/07/2012G)	10/09/1443H (Corresponding to 11/04/2022G)	Riyadh, Al Murabba District	40031930943	01/11/1443H (Corresponding to 31/05/2022G)
Commercial Register	Points of Sale	1131040190	06/04/1433H (Corresponding to 28/02/2012G)	06/04/1444H (Corresponding to 31/10/2022G)	Buraydah, Arbaeen St.	3909362278	05/08/1443H (Corresponding to 08/03/2022G)
Commercial Register	Points of Sale	1010467877	02/05/1438H (Corresponding to 30/01/2017G)	Under Renewal	Riyadh, Al Nazim District	40031916403	17/10/1443H (Corresponding to 18/05/2022G)
Commercial Register	Points of Sale	1011024249	22/02/1438H (Corresponding to 22/11/2016G)	21/02/1444H (Corresponding to 17/09/2022G)	Al Kharj, Al Kharj Passports Office	43026192617	04/05/1444H (Corresponding to 28/11/2022G)
Commercial Register	Points of Sale	4030232161	09/09/1433H (Corresponding to 28/07/2012G)	09/09/1444H (Corresponding to 31/03/2023G)	Jeddah, Al Kandarah District	41042629933	14/04/1446H (Corresponding to 17/10/2024G)
Commercial Register	Points of Sale	4650081718	22/02/1438H (Corresponding to 22/11/2016G)	21/02/1444H (Corresponding to 17/09/2022G)	Medina, near Passports Office	41042633316	20/04/1446H (Corresponding to 23/10/2024G)
Commercial Register	Points of Sale	4032050998	21/02/1438H (Corresponding to 21/11/2016G)	20/02/1444H (Corresponding to 16/09/2022G)	Taif, near Passports Office	3910723454	23/05/1444H (Corresponding to 17/12/2022G)
Commercial Register	Points of Sale	4031098822	05/05/1438H (Corresponding to 02/02/2017G)	21/02/1444H (Corresponding to 17/09/2022G)	Mecca, Mecca Passports Office	Under Renewal	Under Renewal
Commercial Register	Points of Sale	4032032799	06/04/1433H (Corresponding to 28/02/2012G)	06/04/1444H (Corresponding to 31/10/2022G)	Taif, Shihar District	4911892352	07/03/1444H (Corresponding to 03/10/2022G)
Commercial Register	Points of Sale	5950025326	27/01/1434H (Corresponding to 11/12/2012G)	26/01/1444H (Corresponding to 24/08/2022G)	Najran, near Passports Office	41042629960	14/04/1446H (Corresponding to 17/10/2024G)
Commercial Register	Points of Sale	5900021365	24/04/1434H (Corresponding to 06/03/2013G)	24/04/1444H (Corresponding to 18/11/2022G)	Jizan, near Passports Office	41042629850	14/04/1446H (Corresponding to 17/10/2024G)
Commercial Register	Points of Sale	5855045568	10/09/1433H (Corresponding to 29/07/2012G)	10/09/1444H (Corresponding to 01/04/2023G)	Khamis Mushait, Khamis Mushait Passports Office	41042628834	13/04/1444H (Corresponding to 07/11/2022G)
Commercial Register	Points of Sale	5951002456	22/02/1438H (Corresponding to 22/11/2016G)	21/02/1444H (Corresponding to 17/09/2022G)	Sharorah,near CITC and Social Insurance	41042632594	19/04/1446H (Corresponding to 22/10/2024G)
Commercial Register	Points of Sale	2050085219	09/09/1433H (Corresponding to 28/07/2012G)	09/09/1444H (Corresponding to 31/03/2023G)	Dammam, near Passports Office	40042014076	27/04/1444H (21/11/2022G)

Commercial Register	Points of Sale	2511025375	21/02/1438H (Corresponding to 21/11/2016G)	20/02/1444H (Corresponding to 16/9/2022G)	Hafar Al Batin, King Fahd Rd.	40011570614	23/05/1444H (Corresponding to 17/12/2022G)
Commercial Register	Points of Sale	2053026200	09/09/1433H (Corresponding to 28/07/2012G)	09/09/1444H (Corresponding to 31/03/2023G)	Al Qatif, Al Quds St.	41042626236	10/04/1444H (Corresponding to 04/11/2022G)
Commercial Register	Points of Sale	2057009090	05/05/1438H (Corresponding to 02/02/2017G)	10/09/1444H (Corresponding to 01/04/2023G)	Khafji, in front of Traffic Authority	41012555153	20/04/1444H (Corresponding to 14/11/2022G)
Commercial Register	Points of Sale	2055018060	27/01/1434H (Corresponding to 11/12/2012G)	27/01/1444H (Corresponding to 25/08/2022G)	Al Jubail, Al Jubail St.	42023993625	18/07/1443H (Corresponding to 19/02/2022G)
Commercial Register	Points of Sale	2250048144	09/09/1433H (Corresponding to 28/07/2012G)	09/09/1444H (Corresponding to 31/03/2023G)	Al-Ahsa, Al-Ahsa Governorate Passports Office	40122538432	23/12/1444H (Corresponding to 11/07/2023G)
Commercial Register	Points of Sale	3450015434	21/02/1438H (Corresponding to 21/11/2016G)	20/02/1444H (Corresponding to 16/09/2022G)	Arar, near to Passports Office	40072085135	25/07/1443H (Corresponding to 26/02/2022G)
Commercial Register	Points of Sale	3350044433	22/02/1438H (Corresponding to 22/11/2016G)	21/02/1444H (Corresponding to 17/09/2022G)	Hail, King Abdul Aziz Rd.	Under Renewal	Under Renewal
Commercial Register	Points of Sale	3550039233	01/12/1438H (Corresponding to 23/08/2017G)	01/12/1443H (Corresponding to 30/06/2022G)	Tabuk, Al Seda District	41022584872	15/02/1444H (Corresponding to 11/09/2022G)

Source: Company

10.8 Summary of Material Contracts

10.8.1 Contracts and transactions with related parties

Upon entering into the contracts and agreements referred to below, the Company undertakes that all transactions shall be conducted on an arm's length basis to guarantee Shareholders' rights and that such contracts shall be voted on by the General Assembly of the Company without the participation of the Shareholders who have interests in those contracts. The Company and its Board of Directors confirm their commitment to the requirements of the Companies Law and Corporate Governance Regulations for transactions with related parties with respect to such contracts. Such transactions were voted on in the company's ordinary general assembly, which was held on 19/11/1442H (corresponding to 29/06/2021G).

The table below shows the transactions and contracts that were carried out in which the members of the Board of Directors have a direct or indirect interest during the year 2020G.

Table No. (84): Contracts and transactions with the members of the Board of Directors and related parties

Related Parties	Name	Relation	Transaction status	The value of insurance premiums underwritten during the year 2020G
Rawabi Holding Company	Abdulaziz Ali Abdulrahman Al-Turki	He is the Chairman of its Board of Directors	Insurance policies	(1,456,778) Saudi riyals
Tamimi Group	Fawaz Talal Ali Al-Tamimi	He is a member in its Board of Directors	Insurance policies	(7,098,298) Saudi riyals
Al Muhaidib Group	Majid Shatti Hammoud Al-Dhafiri	He holds an executive position	Insurance policies	(6,028,238) Saudi riyals
Al Muhaidib Group	Majid Shatti Hammoud Al-Dhafiri	He holds an executive position	Annual rent for company offices	(2,897,306) Saudi riyals
Rawabi Holding Company	Abdulaziz Ali Abdulrahman Al-Turki	He is the Chairman of its Board of Directors	Insurance policies	(1,456,778) Saudi riyals

Source: The Company

10.8.2 Insurance Brokerage Agreements

The Company has entered into insurance brokerage agreements with insurance brokers to attract clients and facilitate the sale of the Company's insurance products to individuals, entities, companies and other bodies. Accordingly, the insurance brokers are entitled to a commission estimated as a percentage of the premiums collected through the broker from clients for each type of insurance.

10.8.3 Reinsurance Agreements

The Company has entered into a number of reinsurance agreements. Under these agreements, the Company shall reinsure all or part of the losses that may arise under the insurance policies issued by the Company, to reduce its exposure to losses, against an agreed-upon premium, according to which the company is compensated for all and part of the losses issued by the insurance contracts. These agreements include different exemptions, depending on the product to be reinsured. Usually, reinsurance agreements have a term of twelve months.

A list of the reinsurance companies that the company deals with, is as follows:

Table No. (85): Reinsurance companies which the Company deals with

S/N	Company's Name	Country	Rating	Rated company
1	(SCOR Global P&C)	French	AA-	Standard & Poor's (S&P) Global Ratings
2	(R+V Versicherung AG)	German	AA-	Standard & Poor's (S&P) Global Ratings
3	(Odyssey Re)	French	A-	Standard & Poor's (S&P) Global Ratings
4	(Partner Re)	French	A+	Standard & Poor's (S&P) Global Ratings
5	(Munich Re)	German	A-	Standard & Poor's (S&P) Global Ratings
6	(Swiss Re Switzerland)	Swiss	AA-	Standard & Poor's (S&P) Global Ratings
7	Saudi Cooperative Reinsurance Company (Saudi Re)	Saudi	BBB+	Standard & Poor's (S&P) Global Ratings
8	(General Insurance Company "GIC")	Indian	A-	(A.M.Best)
9	Echo Reinsurance Limited (Echo Re)	Swiss	A+	Standard & Poor's (S&P) Global Ratings
10	(Helvetia)	Swiss	A-	Standard & Poor's (S&P) Global Ratings
11	(CCR Re)	French	A-	Standard & Poor's (S&P) Global Ratings
12	Kuwait Reinsurance (Kuwait Re)	Kuwaiti	A-	(A.M.Best)
13	(TransRe)	American	A+	(A.M.Best)
14	Korean Reinsurance (Korean Re)	South Korea	A	Standard & Poor's (S&P) Global Ratings
15	(Barents Re)	Cayman Island	A	(A.M.Best)
16	(Oman Insurance Company)	Emirati	A	(A.M.Best)
17	Abu Dhabi National Insurance Company (Adnic)	Emirati	A-	Standard & Poor's (S&P) Global Ratings
18	Aspen Reinsurance Company (Aspen Re)	American	A	(A.M.Best)
19	AXA Reinsurance Company (AXA Re)	French	A-	(A.M.Best)
20	(Lloyd's syndicates)	British	A+	Standard & Poor's (S&P) Global Ratings
21	Malaysian Re	Emirati	A-	(A.M.Best)
22	(Liberty)	Emirati	A+	Standard & Poor's (S&P) Global Ratings
23	Chaucer	British	A+	(A.M.Best)
24	(Deutsche Rueck)	German	A+	Standard & Poor's (S&P) Global Ratings
25	(SANTAM RE/ NEW RE)	South African	A+	(A.M.Best)
26	(Hannover Ruck Se)	Bahraini	A+	(A.M.Best)

Source: The Company

10.8.4 Lease Contracts

The Company does not have any real estate owned by it. As for the sites occupied by the Company to carry out its activities, whether they are branches or points of sale, the Company has concluded 27 lease contracts. Most of these contracts are traditional lease contracts, i.e., stipulating the amount of rent that the Company pays to the lessor annually.

A list of the Company's sites lease contracts and their most important details, is as follows:

Table No. (86): Valid and renewed leases for the sites occupied by the company

S/N	Location	Activity	Lessor	Rent Value (Saudi Riyals)	Lease Term	lease termination date
1	Dammam, Khalidiyah District	Headquarter	Abdul Kadir Al-Muhaidib & Sons Company CJS	(1,078,783) Saudi riyals	5 years	23/02/2023G (corresponding to 03/08/1444H)
2	Dammam, Al Mojil Commercial Center	Company Branch	Abdul Qadir and Saad Al Mojil Company	(454,825) Saudi riyals	One year	31/10/2022G (corresponding to 06/04/1444H)
3	Riyadh, Yarmouk District	Company Branch	Eyhaa company	(880,000) Saudi riyals	5 years	11/06/2023G (corresponding to 22/11/1444H)
4	Jeddah, Al Salam District	Company Branch	Princess Nouf bin Abdulaziz	(230,685) Saudi riyals	One year	14/11/2022G (corresponding to 20/04/1444H)
5	Riyadh, Al-Rawdah District*	sale points	Sama Trading and Contracting Company	(40,400) Saudi riyals	One year	31/12/2021G (corresponding to 27/05/1443H)
6	Riyadh, Al-Murabba district	sale points	Khaled Hamad Abdul Rahman Al Rajeh	(62,000) Saudi riyals	One year	07/03/2022G (corresponding to 04/08/1443H)
7	Buraydah, Arbaeen street	sale points	Meter works for real estate development	(30,000) Saudi riyals	One year	28/02/2022G (corresponding to 27/07/1443H)
8	Riyadh, Al-Nazim District	sale points	Bassam Hammoud Al-Enezi Real Estate Office	(35,000) Saudi riyals	One year	01/06/2022G (corresponding to 02/11/1443H)
9	Al-Kharj, Al-Kharj passports authority	sale points	Al Qabili Real Estate Office	(12,000) Saudi riyals	One year	04/01/2022G (corresponding to 01/06/1443H)
10	Jeddah, Al-Kandara District	sale points	The property of Ahmed and Mohamed Saleh Kaaki	(30,000) Saudi riyals	One year	26/02/2022G (corresponding to 25/07/1443H)
11	Medina, near the passports authority	sale points	Abu Nayef Real Estate Office	(35,500) Saudi riyals	One year	22/09/2022G (corresponding to 26/02/1444H)
12	Taif, near Passports authority*	sale points	Bin Haif Investments Corporation	(35,000) Saudi riyals	One year	06/12/2021G (corresponding to 02/05/1443H)
13	Makkah Al-Mukarramah, Makkah Passports authority	sale points	Hiam Ahmed Mabrouk Real Estate Office	(40,000) Saudi riyals	One year	10/10/2022G (corresponding to 14/03/1444H)

14	Taif, Shihar District	sale points	Al Serafi Real Estate Services Corporation	(70,000) Saudi riyals	One year	30/01/2022G (corresponding to 27/06/1443H)
15	Najran, in front of the Passports authority	sale points	Al Watan Rental & Property Management	(20,000) Saudi riyals	One year	11/07/2022G (corresponding to 12/12/1443H)
16	Jizan, across from the Passports authority	sale points	Rawasi Jazan Real Estate Services Corporation	(24,000) Saudi riyals	One year	05/03/2022G (corresponding to 02/08/1443H)
17	Khamis Mushait, Khamis Mushait passports authority	sale points	Al Asmari Real Estate and Contracting Office	(25,000) Saudi riyals	One year	01/11/2022G (corresponding to 07/04/1444H)
18	Sharurah, next to Saudi Telecom and Social Security	sale points	Al Obaid Contracting Company	(20,000) Saudi riyals	3 years	03/05/2022G (corresponding to 02/10/1443H)
19	Dammam, across from the Passports authority	sale points	Ali Al-Zamel Al-Saleem & Sons Investment Company	(45,000) Saudi riyals	5 years	30/09/2022G (corresponding to 04/03/1444H)
20	Hafr Al-Batin, King Fahd Road	sale points	Our real estate services office	(30,000) Saudi riyals	One year	27/02/2022G (corresponding to 26/07/1443H)
21	Qatif, Al Quds Street	sale points	Hashem Mahfouz Al Awami Trading Company	(30,000) Saudi riyals	3 years	25/02/2022G (corresponding to 24/07/1443H)
22	Khafji, in front of traffic authority	sale points	Asas Real Estate Office	(10,000) Saudi riyals	One year	15/04/2022G (corresponding to 14/09/1443H)
23	Jubail, Jubail Street	sale points	Downtown Jubail Real Estate Office	(25,000) Saudi riyals	One year	20/02/2022G (corresponding to 19/07/1443H)
24	Al-Ahsa, Al-Ahsa Passports authority	sale points	Wahat Hajar office	(30,000) Saudi riyals	One year	02/01/2022G (corresponding to 29/05/1443H)
25	Arar, near the passports authority	sale points	Gate Contracting Est	(24,000) Saudi riyals	One year	09/04/2022G (corresponding to 08/09/1443H)
26	Hail, King Abdulaziz Road	sale points	Tariq Suleiman Al Bayoudh Real Estate	(20,000) Saudi riyals	One year	11/07/2022G (corresponding to 12/12/1443H)
27	Tabuk, Al Saada District	sale points	Al Samer Business Group	(35,000) Saudi riyals	One year	16/02/2022G (corresponding to 15/07/1443H)

Source: The Company

* Renewing is in progress as of the date of this prospectus

10.9 Trademarks and Equity

The Company has a trademark that was registered with (Saudi Authority for Intellectual Property), and this will enable the Company to put its name and logo on the external facade of the building or offices occupied by the Company, as it has registered the trademark and granted it the necessary legal protection in accordance with the Trademark Law.

In marketing its services and products, the Company relies on its trade name registered in its commercial register, which is reflected in its logo, which supports its business and its competitive position, and gives it a clear distinction in the market among customers.

The table below shows the Company's Trademark details:

Table No. (87): Trademark

Trademark	Certificate No.	Owner Company	Registration date	Protection Start date	Protection End date
إتحاد الخليج الأهلية للتأمين التعاوني GULF UNION AL AHLIA COOPERATIVE INSURANCE	1442020005	Al Ahlia GULF UNION COOPERATIVE INSURANCE CO	29/08/1442H (corresponding to 11/04/2021G)	26/06/1442H (corresponding to 08/02/2021G)	25/06/1452H (corresponding to 23/10/2030G)

Source: The Company

The trademark is registered under category (36), The trademark is two palms holding the globe in golden color, next to it the phrase "Al Ahlia GULF UNION COOPERATIVE INSURANCE CO" written, on the right, in Arabic letters, and the phrase "Al Ahlia GULF UNION COOPERATIVE INSURANCE CO" in Latin letters in black, where the word Al-Ahlia is in Arabic and Latin in green.

The Company does not have any other registered intellectual property rights, and the Company does not rely in its activities on any valuable intangible property such as trademarks, patents, copyrights or any other intellectual property.

10.10 Disputes and litigation

In the course of carrying out its business, the Company was exposed to cases and lawsuits filed by some policy holders related to its insurance operations, and disputes and claims related to the insurance cover. As at the date of preparing this prospectus, there are: (312) claims, and these cases are divided into (199) lawsuits filed by the company with claims totaling fourteen million two hundred and seventy-nine thousand four hundred and forty-six (14,279,446) Saudi riyals, and (113) lawsuits filed against the company from its clients with a total of twelve million claims One hundred and fifteen thousand five hundred and twenty-six (12,115,526) Saudi riyals.

The Company also acknowledges that it is not a party to any substantive lawsuit, claim or arbitration that would materially affect its business or financial position.

10.11 Material information that has changed since the CMA's approval of the last Prospectus

- **Capital:** On 22/08/1438H (corresponding to 18/05/2017G), the EXTRAORDINARY GENERAL ASSEMBLY agreed to reduce the company's capital by (31.82%) from two hundred twenty million riyals (220,000,000) Saudi riyals to one hundred and fifty million (150,000,000) Saudi riyals, and thus reduce the number of the company's shares from twenty-two million (22,000,000) shares to fifteen million (15,000,000) shares by canceling seven million (7,000,000) shares of the company's issued shares. and on 18/02/1442H (corresponding to 05/10/2020G), the extraordinary general assembly agreed to increase the company's capital from one hundred and fifty million (150,000,000) riyals to two hundred and twenty-nine million four hundred and seventy-four thousand six hundred and forty (229,474,640) Saudi riyals, by merging with Al-Ahlia Cooperative Insurance Company and issuing shares in consideration of seven million nine hundred and forty-seven thousand four hundred and sixty-four (7,947,464) shares with a nominal value of (10) Saudi riyals per share.

- **Company's Name** On 18/02/1442H (corresponding to 05/10/2020G), the Extraordinary General Assembly approved changing the company's name from (GULF UNION COOPERATIVE INSURANCE CO) to (Al Ahlia GULF UNION COOPERATIVE INSURANCE CO).
- **Board of Directors:** Reducing the number of members of the Board of Directors from (10) members to (7) members.
- **Governance:** Approving internal regulations and policies for governance in line with the provisions of the Corporate Governance Regulations issued by the Authority and the Insurance Companies Governance Regulations. The Corporate Governance Guide was approved by the General Assembly on 14/10/1439H (corresponding to 28/06/2018G). Its amendment was also approved in accordance with the General Assembly meeting held on 14/09/1440H (corresponding to 19/05/2019G).
- **The company's articles of association:** The company's articles of association were approved by the Corporate Governance Department at the Ministry of Commerce on 06/05/1442H (corresponding to 21/12/2020G).

10.12 Declarations on legal information

Board members declare that:

a) This version is compliant with relevant laws and regulations in Saudi Arabia.

b) This version does not prejudice any of the contracts and agreements to which the company is a party.

c) All material legal information related to the company has been disclosed in this prospectus.

d) Other than what is stated in Section (10-10) Lawsuits, Claims and Regulatory Procedures, the Company is not subject to any lawsuits or legal actions that may, solely or jointly, have material effect on the Company's business or financial position.

e) Board members are not subject to any lawsuits or legal procedures that may, solely or jointly, have material effect on the company's business or financial position.

f) The company continues to comply with Saudi Central Bank's requirements until the date of this prospectus and undertakes to keep complying therewith.

g) The company continues to comply with the Ministry of Commerce requirements until the date of this prospectus and undertakes to keep complying therewith.

h) The company continues to comply with the Ministry of Investment requirements until the date of this prospectus and undertakes to keep complying therewith.

i) The company continues to comply with ZATCA requirements until the date of this prospectus and undertakes to keep complying therewith.

j) The company continues to comply with Ministry of Human Resources and Social Development requirements until the date of this prospectus and undertakes to keep complying therewith.

11 Underwriting

The Company entered into an underwriting agreement with the Underwriter (Yaqeen Capital) to cover the subscription of twenty-two million nine hundred and forty-seven thousand four hundred and sixty-four (22,947,464) ordinary shares, at a price of ten (10) Saudi riyals per share, and with a total value of two hundred and twenty-nine million four hundred and seventy-four thousand six hundred and forty (229,474,640) Saudi riyals, representing (100%) of the rights issue shares offered for subscription ("Underwriting Agreement").

11.1 Underwriter

Yaqeen Capital Riyadh- Al Woroud District - Al Ulaya Street P.O Box 884 Riyadh 11421 Kingdom of Saudi Arabia Tel:+966 8004298888 Fax:+966 11 2054827 E-mail: Info@falcom.com.sa Website: www.falcom.com.sa	يقين Yaqeen

11.2 Summary of the Underwriting Agreement

Pursuant to terms and conditions of the underwriting agreement:

1) The Company undertakes to the Underwriters that, on the allocation date, it will allocate and issue to the Underwriter all rights shares that have not been subscribed to by the Eligible Shareholders as additional shares at the Offer Price.
2) The Underwriter undertakes to the Company that it will, on the allocation date, purchase the number of Offer Shares not subscribed to by Eligible Shareholders, as additional shares at the Offer Price.
3) The Underwriter will receive a fixed financial consideration against underwriting the Offering which amount shall be paid from the Offering Proceeds.

12 Waivers

The Company has not submitted any request to CMA to be exempted from any requirements relating to the Offering.

13 Details on Shares and Offering Terms and Condition

The Company has filed an application for the registration and offering of the new shares to the CMA and to Tadawul for listing the new shares. All the requirements were fulfilled in accordance with the Rules on the Offer of Securities and Continuing Obligations and the Listing Rules.

All Eligible Shareholders and holders of acquired Rights must read the subscription terms and conditions carefully before electronic subscription, submission of the subscription application through a Broker, or filling out the Rump Offering application form. The submission of the subscription application or the signing and delivery of the Rump Offering Subscription application form constitutes acceptance of the mentioned terms and conditions.

13.1 Offering

The Offering is an increase in the Company's capital through issuing rights shares with a value of two hundred twenty-nine million four hundred and seventy-four thousand six hundred and forty (229,474,640) Saudi riyals, divided into twenty-two million nine hundred and forty-seven thousand four hundred and sixty-four (22,947,464) ordinary shares, with a nominal value of ten (10) Saudi Riyals per share and an offer price of ten (10) Saudi Riyals per share.

13.2 How to Apply for Subscription to the Rights (New Shares)

The Registered Shareholders and those wishing to subscribe to the Rights shall submit the subscription application during the Offering Period through the investment portfolio on trading platforms through which sale and purchase orders are entered, in addition to the possibility of subscribing through any other means provided by the Broker and shares Custodian in the Kingdom during the Offering Period. If there is a Rump Offering Period, Subscription Application Forms can also be submitted during such a period by Institutional Investors for any Rump shares only.

By subscribing, the subscriber:

- ✓ Agrees to subscribe for the Company's shares in the number of such shares specified in the Subscription Application Form.
- ✓ Declares that they have read the Prospectus and understood all of its contents.
- ✓ Accepts the Company's Bylaws and the terms mentioned in the Prospectus.
- ✓ Declares that it has not subscribed for the same shares under this offering and the Company has the right to reject all of their applications if it is proven that they submitted more than one application.
- ✓ Accepts the number of shares allocated thereto and all other subscription instructions and terms mentioned in the Prospectus and the Subscription Application Form.
- ✓ Warrants not to cancel or amend the Subscription Application Form after submitting it to the Broker.

13.3 Subscription Application

The Registered Shareholders wishing to exercise their full right and subscribe to all entitled Rights shall subscribe through the investment portfolio on trading platforms through which sale and purchase orders are entered, or through any other means provided by the Broker and shares Custodian.

The number of shares entitled to an Eligible Person will be calculated based on the number of Rights held thereby. The subscription monies that the subscriber must pay are calculated by multiplying the number of existing Rights owned prior to closing of the Subscription Period by ten (10) Saudi Riyals.

13.4 Trading Period, Subscription Period and Rump Offering Period

The Eligible Shareholders wishing to subscribe to the Rights shall submit the subscription application during the Offering Period, which begins on ××/××/××××H (corresponding to ××/××/××××G) and ends on ××/××/××××H (corresponding to ××/××/××××G).

The Extraordinary General Assembly held on ××/××/××××H (corresponding to ××/××/××××G) approved the Board of Directors' recommendation to increase the company's capital by issuing priority rights shares. Under this Prospectus, twenty-two million nine hundred forty-seven thousand four hundred and sixty-four (22,947,464) ordinary shares will be offered for subscription in the Rights Issue, representing 600% of the Company's share capital prior to the offering, at an offer price of ten (10) Saudi Riyals per share, and nominal value of ten (10) Saudi Riyals, with a total offering value of two hundred twenty-nine million four hundred and seventy-four thousand six hundred and forty (229,474,640) saudi Riyals. The new shares will be issued with at (1) share for every one Right to shareholders. Subscription to the priority rights shares offered to shareholders registered in the company's shareholders register will be at the end of the second trading day following the Extraordinary General Assembly meeting on ××/××/××××H (corresponding to ××/××/××××G) and to those eligible who have purchased the priority rights during the trading period of the priority rights, including the registered shareholders who have purchased additional priority rights in addition to the rights they originally owned.

If Eligible Persons have not exercised the Rights by the end of the Offering Period, the Rump shares resulting from non-exercise or sale of those rights will be offered to Institutional Investors in the Rump Offering Period.

Registered Shareholders will be able to trade the Rights deposited in their portfolios via Tadawul. These Rights are considered to be the acquired right of all shareholders registered in the Company's shareholders register as of the close of the second trading day following the date of the EGM on capital increase. Each Right grants its holder eligibility to subscribe for one new share at the offer price. The Rights will be deposited after the EGM. The Rights will appear in the portfolios of the Registered Shareholders under a new symbol specifying the Rights Issue. Then, Registered Shareholders will be informed of the deposit of the Rights in their portfolios.

The schedule for the sequence and details of the offering process of the priority rights shares will be as follows:

1) **Eligibility Date:** End of trading on the day of the EGM on ××/××/××××H (corresponding to ××/××/××××G).
2) **Trading Period and Subscription Period:** The trading period and Subscription offering period start on ××/××/××××H (corresponding to ××/××/××××G). The trading period will end on ××/××/××××H (corresponding to ××/××/××××G), while the Subscription offering period will continue until the end of the day ××/××/××××H (corresponding to ××/××/××××G).
3) **Offering Period** will start at 10:00 AM on ××/××/××××H (corresponding to ××/××/××××G) until 5:00 PM on ××/××/××××H (corresponding to ××/××/××××G). During this period, the remaining shares will be offered to a number of Institutional Investors ("Investment Institutions"), provided that such Investment Institutions shall submit offers to purchase the Rump shares. The Rump shares shall be allocated to Institutional Investors with the highest offer, then to the next one, provided that price will not be less than the offer price, and the allocation of those shares to Institutional Investors submitting the same offer will be on pro-rata basis. Fractional shares shall be added to the Rump shares and treated in the same way. The subscription price of the new unsubscribed Shares for this period will be offered at the offer price, as the minimum price. In case the sale price of such shares is higher than the offer price, the difference (if any) shall be distributed as compensation to the Rightsholders who did not exercise their rights in the subscription in proportion to their respective rights.
4) **Final Allocation of Shares:** Shares will be allocated to each investor based on the number of Rights properly and fully exercised by them. As for those entitled to fractional shares, fractional shares will be collected and offered to Institutional Investors during the Rump offering period. The total offer price of the Rump shares shall be paid to the Company, and all the remaining proceeds resulting from the sale of Rump shares and fractional shares, without any charges or deductions, (in excess of Offer Price) shall be distributed to the Eligible Persons not later than ××/××/××××H (corresponding to ××/××/××××G).
5) **Trading of the New Shares on Tadawul:** Trading in the new shares will start on Tadawul upon the completion of all procedures relating to the registration, allocation, and listing of the new shares.

The Company applied to the CMA to register and offer the new shares, and the Company has also applied to Tadawul to accept its listing.

13.5 Allocations and Refunds

The Company and the Lead Manager will open an Escrow Account in which the proceeds will be deposited.

Rights issue shares shall be allocated to the Eligible Persons based upon the number of Rights that they properly and fully exercised. As for Shareholders entitled to fractional shares, these shall be accrued and offered to Institutional Investors during the Rump offering. The total offer price of the of Rump shares shall be paid to the Company, and all the remaining proceeds resulting from the sale of Rump shares and fractional shares (in excess of offer price) shall be distributed to the Eligible Persons not later than ××/××/××××H (corresponding to ××/××/××××G). Noting that investors who did not subscribe to or sell his/her rights, and those holding fractional shares, may not receive any consideration in case of sale at offer price during the rump share period. In the event that new shares remain unsubscribed to, they will be purchased by and allocated to the underwriter.

Final notice for the number of shares allocated to each Eligible Person without any charges or withholdings by the Lead Manager is expected to take place by depositing the shares into the accounts of subscribers. Eligible Persons shall contact the Broker through which the application is submitted for further information. Allocation of shares will be announced no later than ××/××/××××H (corresponding to ××/××/××××G).

Oversubscriptions (remaining proceeds from the Offering process exceeding the Offering Price) (if any), and the compensation amount (if any) will be refunded to the Eligible Persons who have not exercised their right to subscribe in whole or in part to the new shares and to those who are entitled to fractional shares without any deductions, no later than ××/××/××××H (corresponding to ××/××/××××G).

13.6 Supplementary Prospectus

The Company must submit to CMA a Supplementary Prospectus, in accordance with the requirements of the rules for the Offering of securities and Continuing Obligations, if the Company becomes aware at any time after the date of the publication of this Prospectus and before the completion of the Offering of any of the following:

- The existence of a significant change in material matters mentioned in this Prospectus.
- Any important issues have emerged that should have been included in this Prospects.

The investor who subscribed for the new shares prior to the publication of the Supplementary Prospectus may cancel or amend his/her subscription for these shares before the end of the Offering period.

13.7 Suspension or cancellation of the Offering

The Financial Market Authority may at any time issue a decision to suspend or cancel the Offering if it deems that the Offering may result in a breach of the stock market system, its implementing regulations, or the market's rules. In addition, the offer will be canceled if the extraordinary general assembly does not approve any of the details of the offer.

The following figure shows the mechanism for trading and underwriting traded rights:

Figure no. (2): The mechanism for trading and underwriting traded rights.

Source: Tadawul

13.8 Q&A related to Rights

What is a Rights Issue?

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

Who is granted the Rights?

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

When are the Rights deposited?

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

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

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

How many Rights can be acquired by a Registered Shareholder?

The number of Rights to be acquired by a Registered Shareholder is subject to the number of Shares held by the Registered Shareholder in the Company's Shareholders Register at the Depository as at the close of the second trading day after the EGM.

What is the Rights Issue eligibility factor?

It is the means by which the Registered Shareholder can determine the Rights it is entitled to in relation to its shareholding under the Company's Shareholders Register held with the Depository Center at the close of the second trading day following the date of the EGM. It is calculated by dividing the number of New Shares by the number of the Company's existing Shares. It is, therefore, (1) share for each (1) share held by registered shareholders on eligibility date; for example, if a registered shareholder owns (1,000) shares on eligibility date, then (1,000) shares will be allocated to him/her in consideration of his/her shareholding.

Will these Rights be tradable under a different name/ symbol of the Company's shares?

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

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

For example, if the closing price of a share on the preceding day is (15) Saudi Riyals and the Offer Price is (10) Saudi Riyals, the opening price of the Rights will be (5) Saudi Riyals.

Who is the Registered Shareholder?

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

Can Registered Shareholders subscribe for additional shares?

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

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

Yes, the Shareholder loses his/her eligibility to subscribe if he sells his/her shares on, or one working day before, the date of EGM.

How does the Subscription take place?

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

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

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

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

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

Are share certificate holders allowed to subscribe and trade?

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

Are additional Rights purchasers entitled to trade them once again?

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

Is it possible to sell a part of these Rights?

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

When can a Shareholder subscribe for the Rights he/she purchased during the Trading Period?

After settlement of the purchase of Rights (two business days), on condition that subscription to the rights will be during subscription period.

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

No. After the expiry of Trading Period, the Eligible Person may only exercise the right to subscribe for the Rights Shares or not. In case the Right is not exercised, the investor may be subject to loss or decrease in the value of his/her investment portfolio, or profit in case of selling the shares during the Rump Offering Period at a higher price than the offer price.

What happens to the Rights that are unsold or unsubscribed for during the Trading and Subscription Periods?

If the New Shares are not fully subscribed for during the Subscription Period, the remaining New Shares will be offered for subscription through an offering to be organized by the Lead Manager. The amount of compensation (if any) to the Rights holder will be calculated after deducting the subscription value. The investor may not receive any consideration if the sale occurs during the Rump Offering Period at the Offer Price.

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

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

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

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

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

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

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

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

What are the Trading and Offering Periods?

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

Is it possible to subscribe during the weekend?

No.

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

Yes. Investors can subscribe for the Rights Shares upon full purchase of Rights during the Trading Period.

Additional assistance:

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

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

13.9 Decisions and approvals according to which shares will be offered

The company's board of directors, in its meeting held on 13/03/1443H (corresponding to 19/10/2021G), recommended increasing the company's capital by offering rights shares with a value of two hundred and twenty-nine million four hundred and seventy-four thousand six hundred and forty (229,474,640) Saudi riyals, after Obtaining all necessary statutory approvals and approval of the extraordinary general assembly.

On ××/××/××××H (corresponding to ××/××/××××G), the Company's EGM approved to increase company's capital through the issuance of rights shares. Subscription shall be done through offering twenty two million nine hundred and forty-seven thousand four hundred and sixty-four (22,947,464) new ordinary shares at an offer price of ten (10) Saudi Riyals per share with a nominal value of ten (10) Saudi riyals, in order to increase the company's capital from two hundred and twenty-nine million four hundred and seventy-four thousand six hundred and forty (229,474,640) Saudi riyals, to four hundred and fifty-eight million, nine hundred and forty-nine thousand two hundred and eighty (458,949,280) Saudi riyals, increasing the number of shares from twenty-two million nine hundred and forty-seven thousand four hundred and sixty-four (22,947,464) ordinary shares to forty-five million eight hundred and ninety-four thousand nine hundred and twenty-eight (45,894,928) ordinary shares.

Tadawul approved the application for listing the new shares on 14/06/1443H (corresponding to 17/01/2022G). The publication of this prospectus and all the supporting documents requested by the Authority were also approved on the date of its announcement on the Authority's website on 05/08/1443H (corresponding to 08/03/2022G).

13.10 Miscellaneous Terms

- The Subscription application form and all related terms, conditions and covenants hereof shall be binding upon and inure to the benefit of the parties to the subscription and their respective successors, permitted assignees, executors, administrators and heirs. Except as specifically indicated herein, neither the application nor any of the rights, interests or obligations arising pursuant thereto shall be assigned or delegated by any of the parties to the subscription without the prior written consent of the other party.
- These instructions, conditions and receipt of any Subscription application forms or related contracts shall be governed, construed and enforced in accordance with the laws of the Kingdom of Saudi Arabia. This Prospectus may be distributed in Arabic and English. In case of conflict between the two texts, the Arabic text of the Prospectus shall prevail.

13.11 Statement of any arrangements in place to prevent disposal of certain shares

There are no arrangements in place to prevent disposal of any shares.

14 Change in the share price as a result of an increase in capital

The closing price of the Company's share on the day of EGM is (××) Saudi Riyals, and it is expected to reach (××) Saudi Riyals at the opening of the following day, and this change represents a decrease of (××%). In the event that none of the shareholders registered in the Company's Shareholders Register at the Depository Center subscribed to at the end of the second trading day following the date of EGM, this will lead to a decrease in their ownership percentage in the Company.

Method for calculating the share price as a result of the capital increase is as follows:

First: Calculating the market value of the Company upon closing on the day of EGM.

The number of shares at the end of the day of EGM x the closing price of the Company's share on the day of EGM = The market value of the Company at the close on the day of EGM.

Second: Calculating the share price at the opening day of the day that follows the day of the EGM.

(The market value of the Company at the close on the day of EGM + the value of the shares offered)/ (the number of shares at the end of the day of EGM + the number of shares offered for subscription) = The expected share price at the opening of the day following the day of EGM.

15 Covenants relating to the Subscription

15.1 Overview of the Subscription Application and the Covenant

It is possible to subscribe using trading platforms or through any other means provided by the agent to the investors. The new shares will be subscribed to in one stage, according to the following:

1) During this period, all Registered Shareholders and New Investors will be allowed to subscribe to the New Shares.
2) The Registered Shareholder will be entitled to subscribe directly to the number of his / her shares during the Subscription Period. If the Registered Shareholder buys new Rights, the Registered Shareholder will be able to subscribe to them by the end of the settlement period (two working days).
3) New investors will be entitled to subscribe to the new shares immediately after settling the rights purchase (two working days).
4) Subscription will be available electronically through investment portfolios in the trading platforms and applications, through which the sale and purchase of orders are entered, as well as through other channels and means provided by the broker.

Each Right entitles its holder to subscribe to one new share at the Offer Price. The subscriber to the new shares declares the following:

- ✓ His acceptance of all the subscription terms and conditions stated in this Prospectus.
- ✓ That he has read this Prospectus and all its contents carefully and understood its content.
- ✓ His acceptance of the Company's articles of association.
- ✓ He is committed not to cancel or amend the subscription application after its submission

15.2 Allocation Process

Rights issue shares shall be allocated to the Eligible Persons based upon the number of Rights that they properly and fully exercised. As for Shareholders entitled to fractional shares, these shall be accrued and offered to Institutional Investors during the Rump offering. The total offer price of the of Rump shares shall be paid to the Company, and all the remaining proceeds resulting from the sale of Rump shares and fractional shares (in excess of offer price) shall be distributed to the Eligible Persons not later than ××/××/××××H (corresponding to ××/××/××××G). In the event that shares remain unsubscribed to, such shares will be purchased by and allocated to the underwriter.

Eligible Persons should contact the agent through which they were subscribed to obtain any additional information. Allocation of shares will be announced no later than ××/××/××××H (corresponding to ××/××/××××G).

15.3 Saudi Tadawul Group (Tadawul)

Tadawul system was established in 2001G as an alternative system for the electronic securities information system. The electronic stock trading started in the Kingdom in 1990G. The trading process is carried out through an integrated electronic system from the execution of the transaction to the settlement. Trading is conducted on each business day, from Sunday to Thursday, at one go from 10 a.m. until 3:00 p.m., during which orders are executed. Beyond such times, orders are permitted to be inserted, amended, and cancelled from 9:30 a.m. until 10 a.m.

The transactions are executed through automatic order matching, and orders are received and prioritized according to the price. In general, market orders are executed first, which are the orders that have the best prices, followed by fixed-price orders, and in the event that several orders are entered at the same price, they are executed according to the timing of the entry.

Tadawul system distributes a comprehensive range of information through different channels, most notably the Tadawul website, where up-to-date market information is provided immediately to information providers such as Reuters. Transactions are automatically settled within two business days (T + 2).

The Company must disclose all decisions, material, and important information through Tadawul. Tadawul is responsible for monitoring the market in order to ensure fairness of trading and efficiency of market operations.

15.4 Trading of the Company shares on Tadawu

An Application has been submitted to CMA to register and list the Rights in the Saudi Stock Exchange and a request has been submitted Tadawul for their listing. This Prospectus has been approved and all requirements have been met.

Registration and the commencement of trading in the Rights in Tadawul are expected after the final allocation of the Offering Shares is completed and will be announced on Tadawul website. The dates mentioned in this Prospectus are tentative and may be changed with the approval of CMA.

Although the existing shares are listed on the Saudi Stock Exchange and the Company's Shares are listed on Tadawul, the new shares can only be traded after the final allocation of shares has been approved and deposited in the subscribers' portfolios. Trading in the new shares is strictly prohibited before the allocation is approved.

Subscribers and bidders in the Rump Offering who engage in prohibited trading activities shall bear full liability for them and the Company shall not be liable in such a case.

16 Documents available for Inspection

The following documents will be available for review at the headquarters of Gulf Union Al Ahlia Cooperative Insurance Company, located in the City of Al Dammam, South Khalidiya District - Salman Al Farisi Str., Unit 1 - 2 - 3 of Kyoto, Business District, P.O Box. 5719, Dammam 31532, Kingdom of Saudi Arabia, during official working days from Sunday to Thursday between 08:00 a.m. until 4:00 pm, starting from the first working day after the date of the invitation to convene EGM, provided that this period shall not be less than 14 days before the date of EGM. These documents will remain available for inspection until the end of the Offering:

Documents related to incorporation and Articles of Association:

- Commercial Registration.
- Company's articles of association.

Approvals related to shares capital increase:

- Board of Directors' decision recommending the increase of capital.
- A copy of the Capital Market Authority's approval on the Offering of Rights.
- The approval of Tadawul on listing the rights shares.

Reports, letters and documents:

- Underwriting Agreement and Lead Manager Agreement.
- Written consents by Financial Advisor, Lead Manager, Underwriters, Legal Advisor, and Auditors to use their names, logos and statements in the Prospectus.

إتحاد الخليج الأهلية للتأمين التعاوني

GULF UNION AL AHLIA COOPERATIVE INSURANCE

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Thank You

Gulf Union Al Ahlia Cooperative Insurance