

## Offer Document

Issued by Walaa Insurance Company ("Walaa Insurance Company" or "Merging Company"), which is directed to the shareholders of SABB Takaful Company ("SABB Takaful Company" or "Merged Company") in relation to the offer proposed to SABB Takaful Company's shareholders to merge SABB Takaful Company into Walaa Insurance Company and to transfer all Assets and Liabilities of SABB Takaful Company to Walaa Insurance Company - through a securities exchange offer ("Merger Transaction").

This Offer Document ("Offer Document" or "Document") contains significant information related to the Merger Transaction (as defined above). Therefore, this Document must be completely read, all Sections must be reviewed carefully, particularly ("Important Notice") Section, and the circular of SABB Takaful Company Board of Directors must be fully and carefully read prior to adopting any resolution as to whether or not vote on the Merger Transaction. If any SABB Takaful Company shareholder has doubts about the content of this Document or in relation to the procedure to be taken, he shall obtain special financial advice from an independent financial advisor licensed by the Capital Market Authority.

Walaa Insurance Company and SABB Takaful Company have concluded a Merger Agreement (which articles are detailed in Section 2.6 of this Document), under which Walaa Insurance Company and SABB Takaful Company agreed that SABB Takaful Company shall merge into Walaa Insurance Company and all Assets and Liabilities of SABB Takaful Company shall be transferred to Walaa Insurance Company (0.6005476176470590) shares shall be issued in Walaa Insurance Company for the shareholders of SABB Takaful Company against each share owned by them in SABB Takaful Company ("Exchange ratio") according to the Offer terms and conditions set in Section 2.6 of this Document. The securities exchange shall be conducted based on the Capital Increase of Walaa Insurance Company from (646,397,060) Saudi riyals to (850,583,250) Saudi riyals, i.e., by an increase of (204,186,190) Saudi riyals through the increase of shares from (64,639,706) ordinary shares to (85,058,325) ordinary shares at a nominal value at 10 Saudi riyals each for SABB Takaful Company shareholders, i.e., by an increase of (31.59%) of the capital prior to issuing new shares at (20,418,619) new ordinary shares at a nominal value amounting (10) ten Saudi riyals each, which shall be registered for SABB Takaful Company shareholders ("New Shares" or "Consideration Shares"). The total nominal value of new shares amounts to (204,186,190) Saudi riyals. If the Merger Transaction is approved by Walaa Insurance Company and SABB Takaful Company shareholders, the Bylaw of Walaa Insurance Company shall be amended to include the new capital (detailed in Annex No. 1 of this Document). To be noted that all shares of Walaa Insurance Company, including the shares to be issued for SABB Takaful Company shareholders, are of one class and do not entitle their holder any preferential voting rights. We indicate that in case the calculation of shares due to any SABB Takaful Company shareholders based on the Exchange ratio resulted in fractional shares, the resultant number shall be approximated to the lowest whole number. For example: if a SABB Takaful Company shareholder owns (22) shares in SABB Takaful Company, (13) shares of the Consideration Shares and not (14) shares shall be allocated for such shareholder. Fractional shares shall be grouped and timely sold on Saudi Stock Exchange at market price on behalf of qualified SABB Takaful Company shareholders. Hence, the proceeds resulting from the sale shall be distributed among the qualified shareholders on a proportionate basis in no more than thirty (30) days as of concluding the Merger Transaction. The costs related to the sale of fractional shares shall be deducted from the total proceeds of such sale.

Walaa Insurance Company submitted a request to Capital Market Authority ("CMA") to increase its capital to increase to merge SABB Takaful Company into Walaa Insurance Company and another request to Saudi Stock Exchange to list the new shares issued for SABB Takaful Company shareholders. It must be explained that the proposed Capital Increase of Walaa Insurance Company for the Merger Transaction is conditional upon the approval of Walaa Insurance Company shareholders during Walaa Insurance Company Extraordinary General Assembly for increasing its capital to merge SABB Takaful Company into Walaa Insurance Company, in addition to the approval of SABB Takaful Company shareholders during the Extraordinary General Assembly for the Offer provided by Walaa Insurance Company Walaa Insurance Company shall invite to convene an Extraordinary General Assembly to vote on increasing the capital to merge with SABB Takaful Company. SABB Takaful Company shall be merged into Walaa Insurance Company and all Assets and Liabilities of SABB Takaful Company shall be transferred to Walaa Insurance Company against the issuance of Consideration Shares, where (0.6005476176470590) shares shall be issued in Walaa Insurance Company for SABB Takaful Company shareholders against each share owned by them in SABB Takaful Company. The invitation shall be announced at Saudi Stock Exchange website.

SABB Takaful Company shall invite its shareholders to attend the Extraordinary General Assembly to vote on the Offer provided by Walaa Insurance Company regarding the Merger Transaction through the offering of securities exchange as mentioned above and based on the conditions set in this Document. The invitation shall be announced at Saudi Stock Exchange website.

In case of approval by the required majority, i.e., three quarter of the shares represented in the Extraordinary General Assembly by SABB Takaful Company shareholders, whether the first, second or third, and all other conditions for the Merger Transaction were fulfilled as detailed in Section 2.6 of this Document, including but not limited to (1) non-objection by General Authority for Competition ("GAC") for the economic concentration resulting from the Merger Transaction, (2) the approval by Saudi Central Bank for concluding the Merger Transaction, (3) the approval by Saudi Stock Exchange for the request of listing the new shares of Walaa Insurance Company according to the Listing Rules, and (4) the approval by Saudi Stock Exchange (CMA) for the request to increase the capital of Walaa Insurance Company by issuing new shares to SABB Takaful Company shareholders to carry out the Merger Transaction as well as the approval to issue the Offer Document in accordance with the Merger and Acquisition Regulations and Rules on the Offer of Securities and Continuing Obligations issued by CMA.

After the approval for the Merger Transaction by the required percentages of Walaa Insurance Company shareholders and SABB Takaful Company shareholders, these approvals shall be announced to give a period of thirty (30) days for any objections to be raised by SABB Takaful Company creditors as set forth under Article (193) of the Companies Law ("Creditors' Objection Period"). The Creditors' Objection Period shall commence on the day following the date of convening SABB Takaful Company Extraordinary General Assembly, which certified the Merger Transaction. SABB Takaful Company creditors shall be able to raise their objections to the Merger Transaction (if any) under registered letters to be sent to SABB Takaful Company.

The Merger Transaction Decision shall be valid only after the lapse of the Creditors' Objection Period without registering any objection, or until the creditors withdraw their objections to the Merger Transaction (if any) until SABB Takaful Company pays the debt if it was due, or until SABB Takaful Company provides adequate collateral to pay the debt if it was deferred. After the lapse of the Creditors' Objection Period and the Merger Transaction Decision becomes enforced, SABB Takaful Company shares shall be delisted and the new shares at Walaa Insurance Company shall be issued to qualified SABB Takaful Company shareholders according to the shareholders' register on the effective date of the Merger Transaction Decision taking into consideration the settlement procedures (T+2) by the end of the second day of trading following the last day of the Creditors' Objection Period. The new shares shall be deposited in the portfolios of SABB Takaful Company shareholders during a period no less than the third trading period after the enforcement of the Merger Transaction Decision and no more than the sixth trading period after the enforcement of the Merger Transaction Decision. These shares shall be deposited in portfolios of SABB Takaful Company shareholders at (0.6005476176470590) shares in Walaa Insurance Company per one share owned in SABB Takaful Company. SABB Takaful Company shareholders shall be owning (24.01%) of the Merging Company's capital. The owners of new shares shall be entitled to receive dividends, which shall be announced by the Merging Company after the date of concluding the Merger. The shareholder shall be entitled to his share in the profits according to the General Assembly's resolution adopted in this regard. Such resolution shall indicate the maturity date and distribution date. The entitlement to profits shall be given to the owners of shares registered in the shareholders' register by the end of the day set for maturity.

The total value of the Merger Transaction shall be determined based on the total nominal value of the Consideration Shares, where the total nominal value of Consideration Shares shall amount (204,186,190) Saudi riyals. The total market value of Consideration Shares based on the Exchange ratio and the closing price of Walaa Insurance Company shares amounting (17.90) Saudi riyals as of (23/02/2022G) (which is the last trading day prior to the date of concluding the Merger Agreement) shall be (365,493,280) Saudi riyals. The total market value of Consideration Shares is based on the Exchange ratio and the closing price of Walaa Insurance Company shares amounting to (15.72) Saudi riyals as on 16/01/1444H (corresponding to 14/08/2022G) (according to the nearest trading day prior to publishing the Document) shall be (320,980,691) Saudi riyals. The total value of Consideration Shares, which shall be reversed in the financial statements of Walaa Insurance Company, shall be later determined based on the closing price of Walaa Insurance Company share on the last trading day prior to concluding the Merger Transaction.

It is worth noting that after accepting the Merger Transaction by the shareholders of Merging Company and Merged Company and fulfilling the other conditions of the Merger Transaction (as detailed in Section 2.6 of this Document), particularly the lapse of the said Creditors' Objection Period and/or settlement of all creditors' objections to the Merger Transaction (whichever is later) according to the Companies Law, the listing of SABB Takaful Company shares in Saudi Stock Exchange shall be canceled as well as all licenses issued for the same, then its commercial register shall be canceled and thus SABB Takaful Company shall cease to exist.

All SABB Takaful Company shareholders, including those who did not vote in favor of or did vote against the resolutions suggested to confirm the Merger Transaction, shall receive new shares in Walaa Insurance Company according to the terms and conditions of this Document. The name of Walaa Insurance Company shall remain unchanged after completing the Merger Transaction. It is expected that all these steps shall be taken according to the projected timetable of milestones as indicated in Page (iv) of this Exhibit. SABB Takaful Company shareholders shall be owning (24.01%) of the capital of Walaa Insurance Company and shall be entitled to receive dividends, which shall be announced by Walaa Insurance Company after concluding the Merger Transaction.

The Merger Transaction shall be subject to specific terms (as detailed in Section 2.6 of this Document), including but not limited to: (1) the approval by Walaa Insurance Company shareholders to increase the capital at the Extraordinary General Assembly and (2) the consent to the Offer by SABB Takaful Company shareholders at the Extraordinary General Assembly (to be noted that the Merger Transaction may be concluded only after the shareholders' approval at Walaa Insurance Company Extraordinary General Assembly and SABB Takaful Company Extraordinary General Assembly in conformity with the Companies Law and the Merger Agreement concluded and signed between Walaa Insurance Company and SABB Takaful Company on 23/07/1443H (corresponding to 24/02/2022G) continuing to be effective.

This Document is issued by Walaa Insurance Company and has been prepared according to the requirements of Article (38) of the Merger and Acquisition Regulations. In this scope, Walaa Insurance Company does not assume any responsibility for the correctness and accuracy of the information related to SABB Takaful Company in this Document. All information contemplated by this Document and related to SABB Takaful Company rely on the information provided by SABB Takaful Company in addition to the information obtained by SABB Takaful Company during the due diligence studies carried out by Walaa Insurance Company with the aid of its advisors, which are required from SABB Takaful Company. To be noted that SABB Takaful Company acknowledged in the Merger Agreement the correctness of the information and data provided to Walaa Insurance Company or its advisors while negotiating the Merger Transaction and/or through the stages of due diligence studies.

### Financial Advisor

الجزيرة كابيتال  
ALJAZIRA CAPITAL  
الجزيرة للأسواق المالية



"Neither shall CMA and Saudi Stock Exchange assume any responsibility for the contents of this Document nor provide any assurance related to their accuracy or completeness. CMA and Saudi Stock Exchange explicitly disclaim any responsibility whatsoever for any loss resulting from this Document or reliance on any part of the same".

This Document was issued in Arabic and English. Arabic will be the approved language. In case of any discrepancies between the two, the Arabic version shall prevail.

The Offer Document is published on (17/01/1444H) corresponding to (15/08/2022G).

## Important Notice

This Document has been prepared by Walaa Insurance Company according to the requirements of the Merger and Acquisition Regulations issued by CMA Board under Resolution No. (1-50-2007) dated 21/09/1428H (corresponding to 03/10/2007G) based on the Capital Market Law promulgated by Royal Decree No. (M/30) dated 02/06/1424H (corresponding to 31/07/2003G), as amended by CMA Board Resolution No. (3-45-2018) dated 07/08/1439H (corresponding to 23/04/2018G) based on the Capital Market Law promulgated by Royal Decree No. (M/30) dated 02/06/1424H (corresponding to 31/07/2003G) and Companies Law promulgated by Royal Decree No. (M/3) dated 28/01/1437H (corresponding to 10/11/2015G) as amended by Royal Decree No. (M/79) dated 25/07/1439H (corresponding to 11/04/2018G) to provide SABB Takaful Company shareholders information related to Walaa Insurance Company Offering of Merger with SABB Takaful Company, where all Assets and Liabilities of SABB Takaful Company shall be transferred to Walaa Insurance Company in consideration of the issuance of Consideration Shares. The voting by SABB Takaful Company shareholders on the Merger Transaction shall be deemed to be based on the information contemplated by this Document and the circular of SABB Takaful Company Board of Directors in relation to the Merger Transaction.

The date set in this Document were prepared on the date of this Document (unless otherwise provided). Publishing these data should not be interpreted as no change has occurred to the information and matters related to Walaa Insurance Company or SABB Takaful Company as of such date. This Document does not contain any text that can be considered forecast, planning or evaluation of the current or future financial performance of Walaa Insurance Company or SABB Takaful Company. Any expressions used in this Document that the share's profit in current or future financial periods may not be interpreted as to be necessarily conforming with or exceeding what was published in the previous financial statements of both Companies.

Walaa Insurance Company did not authorize any person to provide any information or to state any data or explanations to SABB Takaful Company shareholders on its behalf in relation to the Offer and Merger Transaction, save for those indicated in this Document. If any person is unauthorized to provide or impart any information related to the Merger Transaction, it should not be relied on or should be considered to be provided under the authorization of Walaa Insurance Company or by its financial advisor, any other party in the Merger Transaction or any of its advisors.

No person may interpret or consider the contents of this Document as legal, financial, or tax advice. Some advice must be sought from an independent financial advisor licensed by CMA if any doubt arouse about a matter related to this Offer. The contents of Walaa Insurance Company or SABB Takaful Company websites nor the contents of any other website where this Document is published do not represent part of or complementary to this Document. No advisors, Walaa Insurance Company or SABB Takaful Company shall assume any responsibility for the contents of such websites.

Walaa Insurance Company appointed ALJAZIRA CAPITAL Company ("ALJAZIRA CAPITAL") as its financial advisor in relation to the Merger Transaction. ALJAZIRA CAPITAL operates according to the laws effective and applicable to the KSA. It has the necessary license from CMA, works for Walaa Insurance Company exclusively as its independent financial advisor in this Merger Transaction and does not work for any other party in relation to the Merger Transaction. ALJAZIRA CAPITAL will not provide Merger Transaction-related consultations or make any other order or arrangement referred to in this Document for any other party aside from Walaa Insurance Company.

The purpose of this Document is: (1) explain the background and grounds of the Merger Transaction, (2) provide SABB Takaful Company shareholders with the details of the Transaction, and (3) provide SABB Takaful Company shareholders with information about the Offer provided by Walaa Insurance Company to enable them from voting in favor of or against the resolutions suggested to confirm the Merger Transaction at SABB Takaful Company Extraordinary General Assembly.

## Forecasts and Forward-Looking Statements

This Document contains, including the information contemplated by it, "forward-looking statements" related to Walaa Insurance Company and SABB Takaful Company. In general, words such as "will", "may", "shall", "continues", "believes", "expects", "intends" or "anticipates", or any similar expressions holding references to the future represent forward-looking statements. Forward-looking statements include risks and doubts that might cause the actual results being materially different from the forecasts and forward-looking statements. Great deal of those risks and doubts related to factors and conditions are beyond the control of the concerned company or its ability to make accurate estimates, such future market conditions and attitude of other participants in the market. Hence, the forecasts and forward-looking statements may not be fully relied on. Neither shall Walaa Insurance Company nor any other party to the Merger Transaction nor their advisors shall assume any responsibility concerning the forecasts and forward-looking statements, nor shall any of the same indent to update these forecasts and forward-looking statements, save as legally required.

It must be indicated that these forecasts and forward-looking statements include risks that might be apparent or non-apparent, and other factors that might cause the actual results, performance, strategies or events being materially different from those included by these statements explicitly or implicitly. The risks related to forward-looking statements

are deemed to be beyond the control of Walaa Insurance Company, such as future market situations and attitude of other participants in the market; thus, they cannot be accurately estimated. Therefore, these statements should not be fully relied on. Furthermore, these forward-looking statements are not deemed guarantee for future actual performance by Walaa Insurance Company and they were reviewed by Walaa Insurance Company auditors only in cases mentioned exclusively in this Document. These forward-looking statements rely on a number of assumptions, including those related to the current and future business strategies of Walaa Insurance Company and regulatory environment, under which Walaa Insurance Company shall practice its business in the future. We would like to explain that all oral and written forward-looking statements issued by Walaa Insurance Company or any persons acting on its behalf are explicitly restricted in its entirety under the Important Notice mentioned in this Section.

## Restrictions on Publication, Distribution, Acceptance and Communication

This Document is directed to SAB shareholders and may not be published or distributed in any jurisdiction other than the KSA or any other jurisdiction where this Document shall be deemed to violate its laws.

## Notice to SAB Shareholders Residing outside the KSA

Despite the fact that all SABB Takaful Company shareholders are entitled to attend the Extraordinary General Assembly of SABB Takaful Company in relation to the Merger Transaction and to vote on its resolutions, yet SABB Takaful Company Shareholders residing outside the KSA shall take into consideration that this Document was not submitted or registered at any regulatory entity outside the KSA. Therefore, if any SABB Takaful Company shareholder residing in any country, which laws require from SABB Takaful Company to take certain legal steps so that the shareholder would be able to vote on the Merger Transaction Decisions legally, the concerned shareholder shall not engage in voting on the resolutions suggested in SAB Extraordinary General Assembly in relation to the Merger Transaction. However, if the concerned shareholder voted on the Merger Transaction Decisions, Walaa Insurance Company shall be entitled to agree with SABB Takaful Company to continue with the Merger Transaction only if the Merger Transaction was approved by the required majority of SABB Takaful Company shareholders without counting the votes of the concerned shareholder.

## Presentation of Financial and Other Statements

The Consolidated Financial Statements of Walaa Insurance Company were prepared for the years ended on December 31, 2018G, 2019G and 2020G along with the unaudited Financial Statements for 9 months in 2021G according to the accounting standards applicable to the KSA. Except where otherwise is specified in this Document, all Financial Statements are set in this Document in Saudi riyals.

This Document has been prepared according to the laws applicable to the KSA. The volume, type and nature of information set in this Document might differ if the Document was prepared according to the laws of other jurisdictions outside the KSA. This Merger Transaction is related to securities of joint-stock Saudi companies listed in Saudi Stock Exchange. Hence, this Document and any documents or other announcements related to the Merger Transaction were or shall be prepared according to the information disclosure requirements applicable to the KSA only, which might differ from those applicable to other jurisdictions.

## Significant Dates and Milestones of the Merger Transaction

The dates set in the table below are the final dates. Such dates might change as they rely on several matters, including the meeting of the required legal quorum to convene the first Extraordinary General Assembly of Walaa Insurance Company. Any changes in the dates set in the timetable below shall be announced by Walaa Insurance Company at its website and/or at Saudi Stock Exchange website.

Event	Timeline / Date
<b>1- The Required Procedures in connection with the Extraordinary General Assembly</b>	
Submitting the final offer document to the Capital Market Authority (CMA) for approval of its publication.	02/01/1444H (Corresponding to 31/07/2022G)
Approval of the Capital Market Authority (CMA) of the capital increase request and the publication of the offer document.	12/01/1444H (Corresponding to 10/08/2022G)
Publishing the Shareholder Circular of Walaa Insurance Company and the addressed offer document to SABB Takaful shareholders.	17/01/1444H (Corresponding to 15/08/2022G)
Providing Walaa Insurance Company's available documents for inspection.	These documents shall be available from the date of publishing the shareholders' circular and the offer document until the end of the offer period (from Sunday to Thursday from nine am until five pm, excluding official holidays in the Kingdom).
Publishing the Circular of SABB Takaful Board of Directors.	19/01/1444H (Corresponding to 17/08/2022G)
Providing SABB Takaful's available documents for inspection.	These documents shall be available from the date of publishing SABB Takaful shareholders' circular until the end of the offer period (from Sunday to Thursday from nine am until five pm, excluding official holidays in the Kingdom).
Approval of the Capital Market Authority (CMA) to hold the Extraordinary General Assembly of Walaa Insurance Company and the Extraordinary General Assembly of the SABB Takaful for the merger transaction.	24/01/1444H (Corresponding to 22/08/2022G)
Announcing on the website of the Saudi Stock Exchange meeting invitation for the Extraordinary General Assembly of Walaa Insurance Company for the merger transaction (with an indication of the possibility of holding a second meeting one hour after the end of the specified period for convening the first meeting, in case the quorum required for holding the first meeting is not complete).	27/01/1444H (Corresponding to 25/08/2022G)
Announcing on the website of the Saudi Stock Exchange meeting invitation for the Extraordinary General Assembly of SABB Takaful for the merger transaction (with an indication of the possibility of holding a second meeting one hour after the end of the specified period for convening the first meeting, in case the quorum required for holding the first meeting is not complete).	27/01/1444H (Corresponding to 25/08/2022G)
Starting the electronic voting period for the shareholders in the Extraordinary General Assembly of Walaa Insurance Company	Starting from 16/02/1444H (Corresponding to 12/09/2022G) until the end of the Extraordinary General Assembly time
Starting the electronic voting period for the shareholders in the Extraordinary General Assembly of SABB Takaful.	Starting from 16/02/1444H (Corresponding to 12/09/2022G) until the end of the Extraordinary General Assembly time
The Extraordinary General Assembly of Walaa Insurance Company for the merger transaction (first meeting). The quorum of the assembly is complete in the presence of a number of shareholders representing at least half of the capital of Walaa Insurance Company	19/02/1444H (Corresponding to 15/09/2022G)
Holding the Extraordinary General Assembly of Walaa Insurance Company for the merger transaction (the second meeting) in the event that the quorum required for the first meeting is not complete. The quorum for the second meeting will be complete in the presence of a number of shareholders representing at least a quarter of the capital of Walaa Insurance Company	One hour after the end of the specified period for convening the first extraordinary general assembly meeting in which the quorum required for its convening has not been reached.
The Extraordinary General Assembly of SABB Takaful for the merger transaction (first meeting). The quorum of the assembly is complete in the presence of a number of shareholders representing at least half of the capital of SABB Takaful	19/02/1444H (Corresponding to 15/09/2022G)

Event	Timeline / Date
Holding the Extraordinary General Assembly of SABB Takaful for the merger transaction (the second meeting) in the event that the quorum required for the first meeting is not complete. The quorum for the second meeting will be complete in the presence of a number of shareholders representing at least a quarter of the capital of SABB Takaful	One hour after the end of the specified period for convening the first extraordinary general assembly meeting in which the quorum required for its convening has not been reached.
Publishing the merger transaction decision and other decisions taken at the first meeting or the second meeting of the extraordinary general assembly of Walaa Insurance Company regarding the merger on the website of the Saudi Stock Exchange (or announcing that the extraordinary general assembly will not be held in case the quorum is not achieved).	22/02/1444H (Corresponding to 18/09/2022G)
Publishing the merger transaction decision and other decisions taken at the first meeting or the second meeting of the extraordinary general assembly of SABB Takaful regarding the merger on the website of the Saudi Stock Exchange (or announcing that the extraordinary general assembly will not be held in case the quorum is not achieved).	22/02/1444H (Corresponding to 18/09/2022G)
<b>2- Procedures in case the quorum is not achieved for the first and second meetings of the extraordinary general assembly of both companies</b>	
Approval of the Capital Market (CMA) to hold the third Extraordinary General Meeting of Walaa Insurance Company for the merger transaction, and/or Approval of the Capital Market (CMA) to hold the third Extraordinary General Meeting of SABB Takaful for the merger transaction.	25/02/1444H (Corresponding to 21/09/2022G)
Announcing on Saudi Stock Exchange website the invitation for the third extraordinary general meeting of the Walaa Insurance Company for the merger transaction, and/or Announcing on Saudi Stock Exchange website the invitation for the third extraordinary general meeting of the SABB Takaful for the merger transaction	26/02/1444H (Corresponding to 22/09/2022G)
Starting the electronic voting period for the shareholders at the third extraordinary general meeting of Walaa Insurance Company, and/or starting the electronic voting period for the shareholders at the third extraordinary general meeting of SABB Takaful.	Starting from 14/03/1444H (Corresponding to 10/10/2022G) until the end of the Extraordinary General Assembly time.
Holding the third Extraordinary General Assembly of Walaa Insurance Company related to the merger transaction, and/or the third extraordinary general meeting of SABB Takaful relating to the merger transaction. The quorum is achieved for the third meeting of the Extraordinary General Assembly, regardless of the number of shares represented therein.	17/03/1444H (Corresponding to 13/10/2022G)
The merger transaction decision and other decisions taken at the third extraordinary general assembly meeting of Walaa Insurance Company and/or SABB Takaful (as the case may be) shall be published on the Saudi Stock Exchange website.	20/03/1444H (Corresponding to 16/10/2022G)
<b>3- Creditor's Objection Period</b>	
Starting the Creditor's Objection Period	<ul style="list-style-type: none"> <li>22/02/1444H (Corresponding to 18/09/2022G) If a decision approving the merger transaction during the first or second extraordinary general assembly meeting of Walaa Insurance Company and SABB Takaful.</li> <li>20/03/1444H (Corresponding to 16/10/2022G) If a decision approving the merger transaction during the third extraordinary general assembly meeting of Walaa Insurance Company and SABB Takaful.</li> </ul> <p>The Creditors' Objection Period lasts for a period of (30) days.</p>
Reminder announcement from SABB Takaful about the end of the Creditors' Objection Period	<ul style="list-style-type: none"> <li>20/03/1444H (Corresponding to 16/10/2022G) If a decision approving the merger transaction during the first or second extraordinary general assembly meeting of Walaa Insurance Company and SABB Takaful.</li> <li>19/04/1444H (Corresponding to 13/11/2022G) If a decision approving the merger transaction during the third extraordinary general assembly meeting of Walaa Insurance Company and SABB Takaful.</li> </ul>



Event	Timeline / Date
The End of the Creditors' Objection Period.	<ul style="list-style-type: none"> <li>22/03/1444H (Corresponding to 18/10/2022G) If a decision approving the merger transaction during the first or second extraordinary general assembly meeting of Walaa Insurance Company and SABB Takaful.</li> <li>21/04/1444H (Corresponding to 15/11/2022G) If a decision approving the merger transaction during the third extraordinary general assembly meeting of Walaa Insurance Company and SABB Takaful.</li> </ul>
SABB Takaful announces the presence or absence of creditors' objections.	<ul style="list-style-type: none"> <li>23/03/1444H (Corresponding to 19/10/2022G) If a decision approving the merger transaction during the first or second extraordinary general assembly meeting of Walaa Insurance Company and SABB Takaful.</li> <li>22/04/1444H (Corresponding to 16/11/2022G) If a decision approving the merger transaction during the third extraordinary general assembly meeting of Walaa Insurance Company and SABB Takaful.</li> </ul>
<b>4- Completion of Merger Transaction</b>	
Effectiveness of Merger Transaction Decision	<p>After the end of the Creditor's Objection Period or the date on which all Creditor's Objection to the Merger Transaction are settled (whichever comes later). It is expected the merger transaction decision will be effective on the Merger date:</p> <ul style="list-style-type: none"> <li>23/03/1444H (Corresponding to 19/10/2022G) If a decision approving the merger transaction during the first or second extraordinary general assembly meeting of Walaa Insurance Company and SABB Takaful.</li> <li>22/04/1444H (Corresponding to 16/11/2022G) If a decision approving the merger transaction during the third extraordinary general assembly meeting of Walaa Insurance Company and SABB Takaful.</li> </ul>
Suspension of trading the shares of SABB Takaful	<p>The first trading period after the entry into force of the merger transaction decision, and it is expected that this will take place on:</p> <ul style="list-style-type: none"> <li>23/03/1444H (Corresponding to 19/10/2022G) If a decision approving the merger transaction during the first or second extraordinary general assembly meeting of Walaa Insurance Company and SABB Takaful.</li> <li>22/04/1444H (Corresponding to 16/11/2022G) If a decision approving the merger transaction during the third extraordinary general assembly meeting of Walaa Insurance Company and SABB Takaful.</li> </ul>
Walaa Insurance Company and SABB Takaful announce the implementation of the merger transaction decision.	<ul style="list-style-type: none"> <li>23/03/1444H (Corresponding to 19/10/2022G) If a decision approving the merger transaction during the first or second extraordinary general assembly meeting of Walaa Insurance Company and SABB Takaful.</li> <li>22/04/1444H (Corresponding to 16/11/2022G) If a decision approving the merger transaction during the third extraordinary general assembly meeting of Walaa Insurance Company and SABB Takaful.</li> </ul>
Delisting the shares of SABB Takaful from the Saudi Stock Exchange.	<p>During a period, not less than the third trading period after the merger transaction decision becomes effective and not more than the sixth trading period after the merger transaction decision becomes effective.</p>
Listing the new shares in the Saudi Stock Exchange and allocating them to the shareholders of SABB Takaful who are registered in the SABB Takaful shareholders register at the end of the second trading period after the merger decision became effective.	<p>During a period, not less than the third trading period after the merger transaction decision becomes effective and not more than the sixth trading period after the merger transaction decision becomes effective.</p>
Amending the commercial register and foreign investment license for Walaa Insurance Company	<p>After completing the Merger Transaction, Walaa Insurance Company will submit a request to the Ministry of Commerce to amend its commercial registration, and it will submit a request to the Ministry of Investment to amend the foreign investment license for Walaa Insurance Company.</p>

Event	Timeline / Date
Cancellation of the commercial register of SABB Takaful.	After completing the Merger Transaction, Walaa Insurance Company will submit a request to the Ministry of Commerce to cancel and nullify the commercial registration of SABB Takaful.
Deadline for distributing the proceeds of the sale of the fractional shares that have been sold	<p>Within a period not exceeding (30) days from the effective date of the merger decision. It is expected that this will take place on the date of the merger:</p> <ul style="list-style-type: none"> <li>• 23/04/1444H (Corresponding to 17/11/2022G) If a decision approving the merger transaction during the first or second extraordinary general assembly meeting of Walaa Insurance Company and SABB Takaful.</li> <li>• 21/05/1444H (Corresponding to 15/12/2022G) If a decision approving the merger transaction during the third extraordinary general assembly meeting of Walaa Insurance Company and SABB Takaful.</li> </ul>

<sup>\*</sup>Note: Any changes to these dates shall be announced at the Saudi Stock Exchange website ([www.tadawul.com.sa](http://www.tadawul.com.sa)).

<sup>\*\*</sup>A copy of the available documents shall be provided for inspection during the period as of publishing the Offer Document till the end of the Offering period at the headquarter of Walaa Insurance Company

(Address: Head Office: Al Khobar, Adel Khashoggi bldg., Custodian of The Two Holy Mosques Rd., P.O. Box: 31616 Al Khobar 31952, KSA, Tel: +966 138299380) as of Sunday till Thursday, 09:00 AM to 05:00 PM except for public holidays in the KSA.

# Walaa Insurance Company Directory

## Walaa Insurance Company

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## Walaa Insurance Company Representatives

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## Financial Advisor to Walaa Insurance Company

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### Financial and Tax Due Diligence Advisor to Walaa Insurance Company

#### PricewaterhouseCoopers

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### Actuarial Due Diligence Advisor to Walaa Insurance Company

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### Auditors to Walaa Insurance Company

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#### Crowe Global / AlAzem, AlSudairy, AlShaikh & Partners -Certified Public Auditors

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### Pro-forma Financial Statements Accountant to Walaa Insurance Company

#### Baker Tilly MKM & Co. Chartered Auditors

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All of the above-named advisors and Auditors have given their written consent to the publication of their names, logos and statements according to the context in the Offer Document; and none of them has withdrawn such approval up to the date of this Document. Neither do the advisors nor the Auditors have any shares or interests of any kind in Walaa Insurance Company as at the date of this Document.

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## 1

## Terms and Definitions

The following definitions shall apply to all contents of the Offer Document unless the otherwise required by the context:

<b>Walaa Insurance Company or Merging Company</b>	Walaa Insurance Company
<b>Walaa Insurance Company Board of Directors or Walaa Insurance Company Directors</b>	Walaa Insurance Company Board of Directors as defined in Section 4.11 of this Document.
<b>SABB Takaful Company or Merged Company</b>	SABB Takaful Company.
<b>Offer or Merger Offer</b>	The Offer related to the exchange of securities provided by Walaa Insurance Company to SABB Takaful Company shareholders as contemplated by this Document.
<b>Companies</b>	Walaa Insurance Company and SABB Takaful Company jointly.
<b>MoU</b>	The unbinding Memorandum of Understanding entered into between Walaa Insurance Company and SABB Takaful Company on 04/12/1442H (corresponding to 14/07/2021G) and the addendum signed on 06/06/1443H (corresponding to 09/01/2022G).
<b>Merger Agreement</b>	The contract signed between Walaa Insurance Company and SABB Takaful Company on 23/07/1443H (corresponding to 24/02/2022G), which includes the terms and conditions related to the conclusion of the Merger Transaction.
<b>Shareholders' Circular</b>	It is the Circular addressed and available to Walaa Insurance Company shareholders in relation to the Merger Transaction and increase of capital for the Merger with SABB Takaful Company.
<b>Extraordinary General Assembly of Walaa Insurance Company regarding the Merger Transaction</b>	<p>The Extraordinary General Assembly of Walaa Insurance Company, which is to be convened to vote on the Merger Transaction and several other related resolutions according to the following:</p> <ol style="list-style-type: none"> <li>1. Vote on the terms and conditions of the Merger Agreement.</li> <li>2. Vote on increasing the capital of Walaa Insurance Company from six hundred forty-six million three hundred ninety-seven thousand sixty (646,397,060) to eight hundred fifty million five hundred eighty-three thousand two hundred fifty (850,583,250) Saudi riyals according to the terms and conditions of Merger Agreement. Such increase shall be valid upon the conclusion of the Merger Transaction;</li> <li>3. Vote on the proposed amendment of the Bylaws of Walaa Insurance Company related to the Merger Transaction (which is stated in Annex (1) "Proposed Amendments to the Bylaws of Walaa Insurance Company in relation to the Merger Transaction" of this Document); and</li> <li>4. Vote on authorizing Walaa Insurance Company Board of Directors or any person authorized by Walaa Insurance Company Board of Directors to issue any resolution or take any procedure that might be necessary to adopt any of the resolutions related to the Merger Transaction.</li> </ol>
<b>Walaa Insurance Company Shares</b>	Ordinary shares in Walaa Insurance Company in a nominal value at 10 Saudi riyals per share.
<b>Listing or Share Listing</b>	Listing of securities in Saudi Stock Exchange.
<b>Request to increase the capital of Walaa Insurance Company for Merger</b>	It is the request to increase the capital of Walaa Insurance Company for the Merger of SABB Takaful Company into Walaa Insurance Company according to the Rules on the Offer of Securities and Continuing Obligations and Merger and Acquisition Regulations.
<b>Declaration of Confirmed Intent</b>	It is the Declaration issued on 05/12/1442H (corresponding to 15/07/2021G) regarding the Merger Transaction according to Article (17.e) of the Merger and Acquisition Regulations.
<b>Business Day</b>	It is any Business Day except for Fridays and Saturdays or public holidays in the KSA.
<b>Capital Increase</b>	It is the increase suggested in the capital of Walaa Insurance Company from 646,397,060 Saudi riyals to 850,583,250 Saudi riyals for the Merger of SABB Takaful Company into Walaa Insurance Company and transfer of all Assets and Liabilities of SABB Takaful Company to Walaa Insurance Company.
<b>Closing Price</b>	Last price used for trading with the share on the relevant trading day according to the mechanism specified by Saudi Stock Exchange.

<b>Companies Law</b>	The Companies Law in the KSA issued under Royal Decree No. (M/3), dated 28/01/1437H (corresponding to 10/11/2015G), as amended by Royal Decree No. (M/79), dated 25/07/1439H (corresponding to 11/04/2018G).
<b>Conditions</b>	The conditions of concluding the Merger Transaction as summarized in Section 2.6.10 of this Document in addition to the any amendments or changes that might made according to the requirements of CMA, pursuant to the valid laws and regulations or according to the agreement between Walaa Insurance Company and SABB Takaful Company based on the provisions of the Merger Agreement.
<b>Warranties and Undertakings</b>	The warranties and undertakings exchanged between Walaa Insurance Company and SABB Takaful Company in the Merger Agreement (Table 2), which is summarized in Section 2.6.2 of this Document.
<b>Related Party</b>	<p>In the Rules on the Offer of Securities and Continuing Obligations, it shall mean:</p> <ol style="list-style-type: none"> <li>1. Employees of issuer;</li> <li>2. Substantial shareholders in the issuer;</li> <li>3. Directors and Senior Executives of the issuer;</li> <li>4. Directors and Senior Executives of the issuer's employees;</li> <li>5. Directors and Senior Executives of the issuer's substantial shareholders;</li> <li>6. Any relatives to the persons referred to in Clauses (1, 2, 3, 4 or 5) above; and</li> <li>7. Any company controlled by any person referred to in Clauses (1, 2, 3, 4, 5 or 6) above.</li> </ol> <p>In the Merger and Acquisition Regulations, it shall mean any person (whether acting or not acting in concert with the offerer, offeree company or any subsidiaries) owning or dealing, directly or indirectly, with the shares of the offerer or offeree, whether through a special sale and purchase Transaction or offer, any person (in excess of his usual interests as a shareholder) having, personal, financial or commercial, interest or potential interest in the result of the acquisition or merger, or party related to the offerer and offeree in conformity with the general application of such definition. The definition includes for example without limitation:</p> <ol style="list-style-type: none"> <li>1. Person(s) provided the offerer or offeree company with financial aid (aside from a bank's aid in its ordinary course of business);</li> <li>2. Director in the offerer and offeree company (or any of their employees); and</li> <li>3. Person owning 20% or more of the offerer or offeree company (individually or with person(s) acting in concert with the same).</li> </ol>
<b>Control</b>	In the Merger and Acquisition Regulations, it shall mean the ability to influence another person's actions or decisions directly or indirectly (save for indirect ownership through the exchange agreement or an investment fund, whose owner of units shall be unentitled to any investment decisions), solely or collectively with person(s) acting in concert with the same through the ownership (directly or indirectly) of 30% or more of the voting rights in the company. The term "Controller" shall accordingly be interpreted.
<b>Employee</b>	Person controlling, controlled by or engaging with another person being controlled by a third person. In any case, Control shall be direct or indirect.
<b>Relative</b>	In the Merger and Acquisition Regulations, it shall mean: Husband, wife, children and parents.
<b>Dividends</b>	Any form of distribution of shares among their holders.
<b>Circular to SABB Takaful Company Board of Directors</b>	The Circular direct and availed to SABB Takaful Company shareholders in related to the Merger Transaction, which contains - among other things - the opinion of SABB Takaful Company Board of Directors about the Merger Transaction, Walaa Insurance Company plans for SABB Takaful Company and its employees, and other information related to equity shares, transactions and major contracts in accordance with Article (39) of the Merger and Acquisition Regulations. It also includes the invitation to the Extraordinary General Assembly of SABB Takaful Company and voting in addition to any other documents related to the Merger Transaction according to the requirements of the context and Merger and Acquisition Regulations.
<b>ALJAZIRA CAPITAL</b>	It is ALJAZIRA CAPITAL, the financial advisor of Walaa Insurance Company in relation to the Merger Transaction.
<b>Extraordinary General Assembly of SABB Takaful Company regarding the Merger Transaction</b>	<p>The Extraordinary General Assembly of SABB Takaful Company, which is to be convened to vote on the Offer provided by Walaa Insurance Company and several other related resolutions according to the following:</p> <ol style="list-style-type: none"> <li>1. Vote on the provision of the Merger Agreement entered into between SABB Takaful Company and Walaa Insurance Company on 23/07/1443H (corresponding to 24/02/2022G); and</li> <li>2. Vote on authorizing SABB Takaful Company Board of Directors or any person authorized by SABB Takaful Company Board of Directors to issue any resolution or take any procedure that might be necessary to adopt any of the resolutions related to the Merger Transaction.</li> </ol>
<b>SABB Takaful Company Shares</b>	Ordinary shares issued in SAB at 34,000,000 shares with a nominal value amounting 10 Saudi riyals per share.



<b>Extraordinary General Assembly</b>	The Extraordinary General Assembly for the shareholders of the relevant Company, which shall be convened according to its Baylaw.
<b>KSA</b>	Kingdom of Saudi Arabia.
<b>Insurer</b>	Insurer subject to the supervision of Saudi Central Bank, Cooperative Insurance Companies Control Law promulgated by Royal Decree No. (M/32) dated 02/06/1424H (corresponding to 31/07/2003G) and Executive Regulation of the Cooperative Insurance Companies Control Law promulgated by Ministerial Resolution No. (561/1) dated 01/03/1425H (corresponding to 20/04/2004G).
<b>Saudi Central Bank</b>	The Saudi Central Bank (previously known as Saudi Arabian Monetary Authority).
<b>Listed</b>	The securities or shares that were accepted to be listed in Saudi Stock Exchange.
<b>Rules on the Offer of Securities and Continuing Obligations</b>	The Rules on the Offer of Securities and Continuing Obligations issued by CMA Board Pursuant to its Resolution No. (3-123-2017) dated 09/04/1439H (corresponding to 27/12/2017G) based on the Capital Market Law promulgated by Royal Decree No. (M/30) dated 02/06/1424H (corresponding to 31/07/2003G) as amended by CMA Board Resolution No. 5-5-2022 dated 02/06/1443H (corresponding to 05/01/2022G).
<b>Listing Rules</b>	These are the rules for listing securities at Saudi Stock Exchange as approved by CMA Board Resolution No. 3-123-2017 dated 09/04/1439H (corresponding to 27/12/2017G), as amended by its Resolution No. (1-104-2019) dated 01/02/1441H (corresponding to 30/09/2019G), as amended by its Resolution No. (1-22-2021) dated 12/07/1442H (corresponding to 24/02/2021G), as amended by its Resolution No. (1-19-2022) dated 12/07/1443H (corresponding to 13/02/2022G), and as amended by its Resolution No. (1-52-2022) dated 12/09/1443H (corresponding to 13/04/2022G).
<b>Capital Market Law</b>	The Capital Market Law promulgated by Royal Decree No. (M/30) dated 02/06/1424H (corresponding to 31/07/2003G).
<b>Material Adverse Change (MAC)</b>	In any of the cases indicated in Section 2.6.7 of this Document, the occurrences of which would lead to termination of the Merger Agreement and payment of termination fee (aside from event of force majeure that if its conditions are met, the Merger Agreement would be terminated without payment of the termination fee).
<b>Offer Document or Document</b>	This Document that is prepared by Walaa Insurance Company according to Article (38) of the Merger and Acquisition Regulations, which is directed and availed to SABB Takaful Company shareholders in related to the Merger Transaction.
<b>Merger and Acquisition Regulations</b>	The Merger and Acquisition Regulations issued by CMA Board under Resolution No. 1-50-2007 dated 21/09/1428H (corresponding to 03/10/2007G) based on the Capital Market Law promulgated by Royal Decree No. (M/30) dated 02/06/1424H (corresponding to 31/07/2003G), as amended by CMA Board Resolution No. (3-45-2018) dated 07/08/1439H (corresponding to 23/04/2018G) based on the Capital Market Law promulgated by Royal Decree No. (M/30) dated 02/06/1424H (corresponding to 31/07/2003G) and Companies Law promulgated by Royal Decree No. (M/3) dated 28/01/1437H (corresponding to 10/11/2015G) as amended by Royal Decree No. (M/79) dated 25/07/1439H (corresponding to 11/04/2018G).
<b>Person</b>	Any natural or corporate person.
<b>Substantial Shareholder</b>	A person holding 5% or more of the shares of Walaa Insurance Company or SABB Takaful Company.
<b>Senior Executives</b>	Any natural person managing and assuming responsibility for placing and implementing strategic decisions for the company, including the CEO, its delegates and CFO.
<b>Riyal</b>	The Saudi riyal.
<b>Saudi Organization for Chartered and Professional Accountants (SOCPA)</b>	The Saudi Organization for Chartered and Professional Accountants, which is a Saudi organization that takes on leadership and supervision of accounting and auditing in the KSA.
<b>General Authority for Competition (GAC)</b>	The General Authority for Competition in the KSA.
<b>Capital Market Authority (CMA)</b>	The Capital Market Authority in the KSA.
<b>Saudi Stock Exchange</b>	Saudi Stock Exchange Company, a Saudi closed joint-stock company and the sole body authorized to practice the business of securities listing and trading in the KSA.
<b>Protection and Saving Insurance</b>	Insurance operations in which the insured pays an amount or sums, including the proceeds of savings, at a future date in return for the paid premiums by the insured.

<b>Merger Transaction</b>	The Merger proposed by Walaa Insurance Company with SABB Takaful Company against the transfer of Assets and Liabilities of SABB Takaful Company to Walaa Insurance Company through the increase of the capital of Walaa Insurance Company by issuing (20,418,619) new ordinary shares for the shareholders of SABB Takaful Company without payment of any cash consideration according to the terms agreed between the Companies under the Merger Agreement as well as the laws and regulations issued by CMA (including the Merger and Acquisition Regulations and Rules on the Offer of Securities and Continuing Obligations), Listing Rules, Companies Law, and basically according to the terms detailed in this Document, nevertheless Section 2.3 of this Document (provided any additional terms and conditions shall be listed as (1) required for compliance with CMA requirements, (2) required under the applicable laws and regulations and (3) agreed between Walaa Insurance Company and SABB Takaful Company).
<b>Effectiveness of the Merger Transaction Decision or Effectiveness of the Merger Transaction</b>	After expiry of the Creditors' Objection Period or settlement of all creditors' objections to the Merger Transaction (whichever is later) according to the provisions of Companies Law.
<b>Merger Agreement or Agreement</b>	The Merger Agreement concluded between Walaa Insurance Company and SABB Takaful Company on 23/07/1443H (corresponding to 24/02/2022G).
<b>Offer Period</b>	The period extended as of Declaration of Confirmed Intent by Walaa Insurance Company to submit an offer to the shareholders of SABB Takaful Company till the date of adopting the resolution of the Extraordinary General Assembly on the Merger Transaction of both Companies, or until the Merger Agreement is terminated according to its provisions.
<b>Creditors' Objection Period</b>	The period, in which the creditors of SABB Takaful Company are entitled to raise their objections to the Merger Transaction according to Article (193) of the Companies Law. It shall commence as of publishing the approval for the Merger Transaction Decision of SABB Takaful Company and shall continue for (30) days.
<b>Exchange ratio</b>	Defined as follows (0.6005476176470590) share of Walaa Insurance Company against each share of SABB Takaful Company.
<b>New Shares or Consideration Shares</b>	The shares to be issued in Walaa Insurance Company for SABB Takaful Company as a result of the Merger Transaction, which amount (20,418,619) ordinary shares in a nominal value of (10) ten Saudi Riyals per each share.
<b>Business Merging Process</b>	The business merging of Walaa Insurance Company and SABB Takaful Company (including the merging of managerial jobs, organizational structure, information systems ...etc.) to achieve the work progress of the Merger Company after completion of the Merger Transaction.
<b>Credit Rating</b>	An opinion published by an independent credit rating agency regarding the creditworthiness of an entity or security, as to the ability to fulfil financial obligations, using codes, letters, numbers or any other form.
<b>Standard &amp; Poor's Corporation (S&amp;P)</b>	Standard & Poor's Corporation (S&P) is an American credit rating agency.
<b>Moody's</b>	Moody's is an American credit rating agency.
<b>A.M. Best</b>	A.M. Best is an American credit rating agency specializing in the insurance sector worldwide.
<b>Fitch Ratings</b>	Fitch Ratings is an American credit rating agency.

# 2

## Overview on the Merger Transaction

### 2.1 Introduction

On 05/12/1442H (corresponding to 15/07/2021G), Walaa Insurance Company announced the signing of a non-binding Memorandum of Understanding with SABB Takaful Company, with the aim of evaluating the feasibility of merging the two companies, in addition to conducting verification studies and due diligence in financial, legal and actuarial terms. The signing of the non-binding memorandum of understanding came according to the preliminary results of studies and discussions on the proposed Merger Transaction. The two companies have agreed under this non-binding memorandum that the proposed Merger Transaction will take place through a securities exchange offer through which the assets and liabilities of SABB Takaful Company will be transferred to Walaa Insurance Company in return for issuing new shares for the benefit of SABB Takaful shareholders in Walaa Insurance Company. Accordingly, the two companies formed a working group consisting of members of the executive management of each Company to study and review the commercial, financial and legal aspects of the proposed structure of the Merger Transaction. An extension annex to the Memorandum of Understanding was thereafter signed on 06/06/1443H (corresponding to 09/01/2022G).

On 26/07/1443H (corresponding to 27/02/2022G), Walaa Insurance Company declared its confirmed intent for the merger of SABB Takaful Company into Walaa Insurance Company after signing the Merger Agreement of SABB Takaful Company, which details the conditions related to the Merger Transaction. It is agreed between the Board of Directors of both Companies that the Merger Transaction shall be concluded on the basis of exchanging the Companies' shares without any monetary consideration, i.e., through the issuance of (0.6005476176470590) share in Walaa Insurance Company against each share owned in SABB Takaful Company. Accordingly, the total number of new shares issued in Walaa Insurance Company for the shareholders of SABB Takaful Company shall be (20,418,619) new shares of Walaa Insurance Company, which forms (24.1%) of the total number of capital shares of Walaa Insurance Company after concluding the Merger Transaction. To be noted that the current capital of Walaa Insurance Company is (646,397,060) Saudi riyals, divided into (64,639,706) ordinary shares in a nominal value of (10) ten Saudi riyals per one share. After the increase of capital and conclusion of Merger Transaction, the capital of Walaa Insurance Company shall be (850,583,250) Saudi riyals and its ordinary shares shall be (85,058,325).

### 2.2 Background and Reasons for the Merger Transaction

The main motives of the Merger Transaction shall revolve around competitiveness of market shares in insurance sector, which are currently divided between 28 insurers. According to the Saudi insurance market report of 2021G, which is issued by the Saudi Central Bank, the biggest 8 insurers have acquired 77.2% of the gross premiums written in 2021G and amounting 42.03 billion Saudi riyals. The market share of Walaa Insurance Company formed (5.6%) of the gross premiums written in 2021G and the market share of SABB Takaful Company formed (0.5%) in the same year. The joint market share of Walaa Insurance Company and SABB Takaful Company formed (6.1%) in the same year. The insurance sector in the KSA has faced in 2020G, 2021G and the current year 2022G several mergers concluded between insurers in addition to the announcement of two mergers, which are still taking place. It is expected that the insurance sector shall witness more mergers due to an initiative by the financial sector development program, which involved encouraging and facilitating the merger in the insurance sector, targeting sector growth sustainability, stability and integrity, increasing its contribution in the total gross domestic product (GDP), diversifying and digitalizing its products and fostering innovation and competition. The Merger Transaction suggested for Walaa with SABB Takaful Company is expected to contribute in the acquisition of a bigger market share, thus promoting the competitive position of the Merging Company upon conclusion of the Merger Transaction. Walaa Insurance Company Directors believe that the expertise acquired by SABB Takaful Company team and technological infrastructure owned by SABB Takaful Company in relation to protection and long-term saving insurance are considered distinguished positive points to improve the market share of the Merging Company regarding the protection and saving insurance market in particular. It is worth noting that currently the Merging Company has a license to provide valid protection and saving insurance products. The potential benefits of the Merger are summarized in promoting the competitive capabilities in the sector, improving the operational efficiency, reducing costs, and attracting and maintaining qualified human capacities as well as other effects that shall positively reflect on the KSA economy, financial sector, insurance and insured sector and beneficiaries of the insurance coverage. Furthermore, since the Merging Company will enjoy a stronger capital, it shall be more capable of taking risks, absorbing more insurance subscriptions and providing its customers with better insurance services. It is also expected that the Merging Company's new capital will contribute in improving the Merging Company's ability to invest its funds, thus increasing the investment proceeds generated from such

investments. On the other hand, it is expected that the Merging Company's new capital will aid in receiving a better rating from the global financial rating agencies. In addition, based on the increase of expected volume of business, the Merging Company shall enjoy a better capability to negotiate the prices of reinsurance business with re-insurers.

Walaa Insurance Company Board of Directors believe that the Merging Company shall be able to reduce the operating costs to the gross premiums written in conformity with its new volume of business, which shall include the business of SABB Takaful Company. Additionally, Walaa Insurance Company Board of Directors believe that the Merging Company shall be able over the long term to provide more competing prices for its customers in the insurance market at individual and corporate sector levels upon the conclusion of the merger of business.

The motives behind the Merger Transaction are summarized, for example without limitation, as follows:

- To increase and versify the customer base;
- To improve the Merging Company's ability to invest its funds;
- To decrease the operating costs to the gross premiums written;
- To improve the Merging Company's ability to negotiate prices with re-insurers;
- To improve the Merging Company's ability to provide insurance products that shall cover all insurance sectors, particularly the protection and saving insurance sector for individuals;
- To promote the geographical spread of Merging Company's business, in the middle east in particular;
- To improve the Merging Company's capital;
- To improve the ability to provide insurance products in more competing prices over the long term;
- To enable the Merging Company from maintaining the current rating over the short term and obtain a better rating over the long term from global financial rating agencies;
- To avail from the integration of administrative and technical expertise that might be resulted from the merger of business; and
- To promote the channels of banking insurance sale and expanding the marketing and sale scope of insurance products through banks.

It is worth noting that the Merger Transaction is supported and recommended by Walaa Insurance Company and SABB Takaful Company Boards of Directors.

## 2.3 Overview on the Merger Transaction

The Offer presented by Walaa Insurance Company regarding the Merger of SABB Takaful Company into Walaa Insurance Company through the transfer of all Assets and Liabilities of SABB Takaful Company to Walaa Insurance Company against the issuance of Consideration Shares in accordance with the laws and regulations issued by CMA (including the Merger and Acquisition Regulations and Rules on the Offer of Securities and Continuing Obligations), Companies Law and the conditions detailed above. Should the Merger Transaction be approved by the percentage required by Walaa Insurance Company and SABB Takaful Company shareholders during the Extraordinary General Assembly of both Companies according to the terms detailed in Section 2.6 of this Document, all SABB Takaful Company shareholders shall become new shareholders in Walaa Insurance Company and shall own (24.01%) of the total capital of Walaa Insurance Company. The listing of SABB Takaful Company shares in Saudi Stock Exchange shall be canceled as well as all licenses issued for the same, then its commercial register shall be canceled and thus SABB Takaful Company shall cease to exist.

Based on the terms and conditions of the Offer, which are detailed in this Document, as well as the terms and conditions of the Merger Agreement signed on 23/07/1443H (corresponding to 24/02/2022G) between Walaa Insurance Company and SABB Takaful Company, Walaa Insurance Company offered a Merger with SABB Takaful Company along with the transfer of all Assets and Liabilities of SABB Takaful Company to Walaa Insurance Company against the issuance of Consideration Shares. It has been agreed between the Companies' Board of Directors that the Merger Transaction shall be concluded on the basis of exchanging the Companies' shares without any monetary consideration, provided the total shares to be issued by Walaa Insurance Company to SABB Takaful Company shareholders shall be (20,418,619) new shares of Walaa Insurance Company shares, which forms (24.01%) of the total share capital of Walaa Insurance Company after the Capital Increase. To be noted that the capital of Walaa Insurance Company is currently (646,397,060) Saudi riyals, divided into (64,639,706) ordinary shares in a nominal value of (10) ten Saudi riyals each. After the Capital Increase, the capital of Walaa Insurance Company shall be (850,583,250) Saudi riyals and its shares shall be (85,058,325) ordinary shares.

The conditions of the Merger Transaction were accepted by Walaa Insurance Company and SABB Takaful Company Boards of Directors, including the agreed Exchange ratio, i.e., (0.6005476176470590) new share in Walaa Insurance Company for SABB Takaful Company shareholders against each share owned in SABB Takaful Company.

The proposed increase of the capital of Walaa Insurance Company for the Merger Transaction is conditional upon the approval of Walaa Insurance Company shareholders during Walaa Insurance Company Extraordinary General Assembly for increasing its capital to merge SABB Takaful Company into Walaa Insurance Company, in addition to the approval of SABB Takaful Company shareholders during the Extraordinary General Assembly for the Offer provided by Walaa Insurance Company. The new shares shall be issued in Walaa Insurance Company in application of the Merger Transaction as fully paid shares. These shares shall be equal to the currently issued Walaa Insurance Company shares in all relevant rights. As the shares shall be acquired by SABB Takaful Company shareholders free of any pledges, restrictions, fees, charges, rights of first refusal or other third-party rights or interests. Furthermore, SABB Takaful Company shareholders shall receive all rights arising from the acquisition of such shares, including the right to receive any profits announced by Walaa Insurance Company after concluding the Merger Transaction.

If the Merger Transaction is accepted by (1) Walaa Insurance Company shareholders through the approval of the required percentage (which is three quarters of the shares represented in the Extraordinary General Assembly by Walaa Insurance Company shareholders) for the Capital Increase for the Merger with SABB Takaful Company during the Extraordinary General Assembly designated for such purpose, and (2) SABB Takaful Company shareholders through the approval of the required percentage (which is three quarters of the shares represented in the Extraordinary General Assembly by SABB Takaful Company shareholders) for Offer of Merger by Walaa Insurance Company during the Extraordinary General Assembly designated for such purpose,

Walaa Insurance Company shall increase its capital from (646,397,060) Saudi riyals to (850,583,250) Saudi riyals through the issuance of (20,418,619) new ordinary shares in a nominal value of (10) Saudi riyals for SABB Takaful Company shareholders, who are entered in the shareholders' register of Walaa Insurance Company by the end of the second trading period after the Effectiveness of the Merger Transaction Decision (i.e., at (0.6005476176470590) new share in Walaa Insurance Company against each share owned in SABB Takaful Company). Accordingly, the equity of SABB Takaful Company shareholders shall be (24.01%) of the capital of Walaa Insurance Company after concluding the Merger Transaction.

Pursuant to the foregoing and after concluding the Merger Transaction, issuing Consideration Shares for SABB Takaful Company shareholders in Walaa Insurance Company as mentioned above, the listing of SABB Takaful Company shares in Saudi Stock Exchange shall be canceled as well as all licenses issued for the same, then its commercial register shall be canceled and thus SABB Takaful Company shall cease to exist.

It is expected that all these steps shall be taken according to the projected timetable of milestones as indicated in Page (iv) of this Exhibit.

It is worth noting that the Companies shall continue to use their names and trademarks during the period of closing the Merger Transaction, provided the name of Walaa Insurance Company shall remain unchanged after the conclusion of the Merger Transaction.

The following table (1-2) indicates the equity details in Walaa Insurance Company prior to and after the Capital Increase as on 06/11/1443H (corresponding to 05/06/2022G):

Shareholder	Prior to Increase of Capital - Walaa Insurance Company				After Increase of Capital - Walaa Insurance Company			
	Number of Shares (Directly Owned)	Direct Equity	Indirect Equity	Total Equity (Direct and Indirect)	Number of Shares (Directly Owned)	Direct Equity	Equity Indirect	Total Equity (Direct and Indirect)
American Life Insurance Company <sup>*</sup>	3551911	5.49%	N/A	5.49%	3551911	4.18%	N/A	4.18%
Arab National Bank (ANB) <sup>**</sup>	3,545,146	5.48%	N/A	5.48%	3545146	4.17%	N/A	4.17%
Board of Directors Members and Senior Executives of Walaa Insurance Company	3,030,421	4.69%	1.23%	5.91%	3030421	3.56%	0.93%	4.49%
Walaa Insurance Company shareholders out of the public (exclusive of substantial shareholders, Board of Directors Members and Senior Executives)	792,340	1.23%	N/A	1.23%	792340	0.93%	N/A	0.93%

Shareholder	Prior to Increase of Capital - Walaa Insurance Company				After Increase of Capital - Walaa Insurance Company			
	Number of Shares (Directly Owned)	Direct Equity	Indirect Equity	Total Equity (Direct and Indirect)	Number of Shares (Directly Owned)	Direct Equity	Equity Indirect	Total Equity (Direct and Indirect)
Saudi British Bank (SAAB)					13,272,102	15.60%	N/A	15.60%
Board of Directors Members and Senior Executives of SABB Takaful Company			N/A				N/A	
The public	53,719,888	83.11%	N/A		67,963,462	79.90%	N/A	
<b>Total</b>	<b>64,639,706</b>	<b>100%</b>	<b>N/A</b>		<b>85058325</b>	<b>100%</b>	<b>N/A</b>	

Source: Walaa Insurance Company

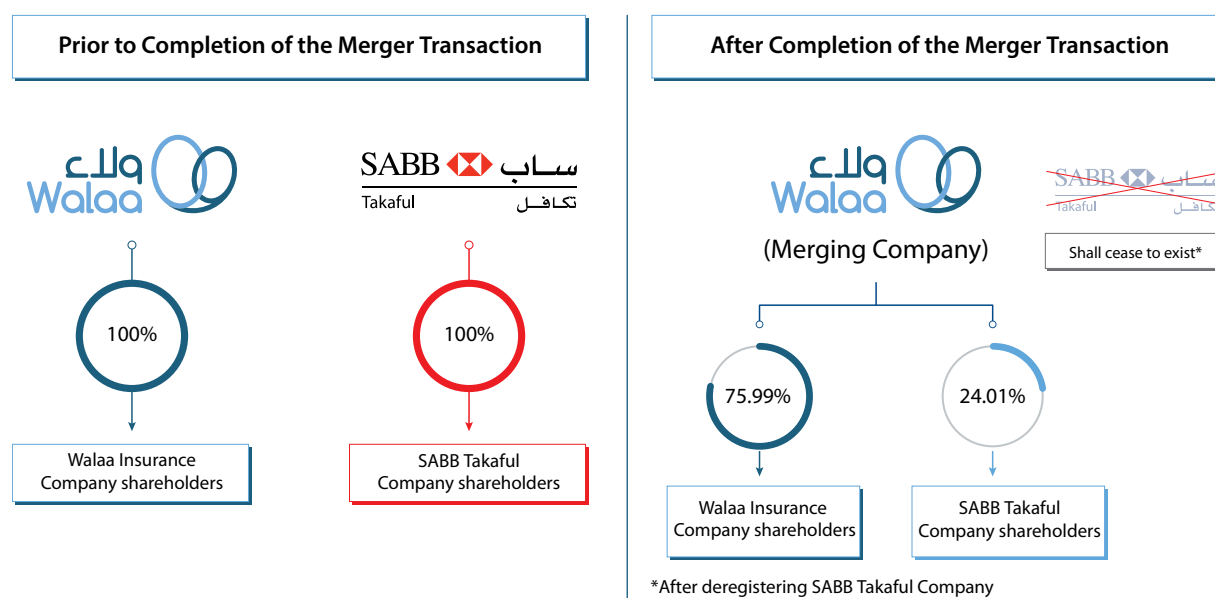
\*It is worth noting that the direct equity of American Life Insurance Company shall be reduced from (5.49%) to (4.18%) of the capital of Walaa Insurance Company after the Capital Increase. Therefore, it shall not be a substantial shareholder in Walaa Insurance Company after the Capital Increase and its equity shall be calculated in the equity of the public.

\*\* It is worth noting that the direct equity of ANB shall be reduced from (5.48%) to (4.17%) of the capital of Walaa Insurance Company after the Capital Increase. Therefore, it shall not be a substantial shareholder in Walaa Insurance Company after the Capital Increase and its equity shall be calculated in the equity of the public.

\*\*\*Indirect equity of the Board of Directors Members is resulted from the indirect equity of Board of Directors Member Khalifa A. Al Mulhem due to his direct and indirect equity in Khalifa A. Al Mulhem Company Limited, direct equity of Mohammed Khalifa Al Mulhem and Abdulaziz Khalifa Al Mulhem (sons of Khalifa A. Al Mulhem), direct equity of Fahd Sulieman Mohammed Balghoneim (father of Board of Directors Member Hatem F. Balghoneim), direct equity of Dina Abdellah Al Geaid (wife of Hatem F. Balghoneim) and direct equity of Abdullatif H. Al Jabr (father of Board of Directors Member Hesham A. Al Jabr).

The following table (2.2) demonstrates a simple form of the Merger Transaction structure:

## Simplified Form of Merger Transaction Structure





## 2.4 Walaa Insurance Company and SABB Takaful Company Assessment

It is agreed between Walaa Insurance Company and SABB Takaful Company on the Exchange ratio that determines that number of shares to be received by SABB Takaful Company shareholders in the Merging Company upon closing the Merger Transaction after negotiations and deliberations between the Companies. During the negotiations, Walaa Insurance Company took counsel of its advisors and also reviewed the due diligence data of SABB Takaful Company business.

The discussions held about the Exchange ratio were subject to the provisions of the MoU, which is signed between Walaa Insurance Company and SABB Takaful Company on 04/12/1442H (corresponding to 14/07/2021G) and its annex signed on 06/06/1443H (corresponding to 09/01/2022G). It has been agreed between the Companies that if a final decision is reached regarding the Merger Transaction, it shall be taken by merging SABB Takaful Company into Walaa Insurance Company where Walaa Insurance Company shall issue new shares for SABB Takaful Company shareholders against the transfer of Assets and Liabilities of SABB Takaful Company to Walaa Insurance Company. It has also been agreed between the Companies that the assessment process shall be conducted as follows:

- Carrying value of equity after making the amendments to be agreed pursuant to the results of necessary professional inspection and any other amendments, provided the carrying value of equity shall rely on the financial statements announced for the Companies prior to or on the date of signing the Merger Agreement. Accordingly, the carrying value of equity method (as published in the Financial Statements for the third quarter of 2021G) was, mutatis mutandis, used.

The following table (2.2) explains the assessment method and Exchange ratio calculation:

In Saudi riyals, except where otherwise mentioned			
As on the Financial Statements announced for the third quarter of 2021G	Walaa Insurance Company	SABB Takaful Company	Merging Company
<b>A- Carrying value of equity as on 30/09/2021G*</b>	869538000	300816000	
<b>Adjustments of carrying value of equity of Walaa Insurance Company</b>			
(-) Shortage in incurred but unreported liabilities reserve for protection and saving insurance	(6,925,000)		
(-) Additional reserve for outstanding receivables that exceed 360 days	(1,625,000)		
(-) Add receivables reserve from reinsurance	(1,114,000)		
(-) Delete disputed receivables requested from Saudi British Bank (SAAB)	(4,211,000)		
(-) Additional reserve for outstanding receivables in incorrect aging category	(677,000)		
(-) Prepayments	(267,000)		
(-) Unredeemable VAT	(192,000)		
(-) Non-compliance with requirements of redeemable tax invoice	(245,000)		N/A
(-) Expenses related to Merger Transaction	(3,091,000)		
(+) Volume of maximizing the value of Walaa Insurance company's investment in Najm Insurance Services Company	18,030,934		
(+) Re-evaluation of land owned by Walaa Insurance Company investment in comparison with what was reported in the Financial Statements for the third quarter in 2021G	(8,933,957)		
<b>B- Total adjustments of Walaa Insurance Company (represented in adjustments of thorough inspections and Walaa Insurance Company and SABB Takaful Company inputs as agreed by the Parties)</b>	<b>(8,617,891)</b>		
<b>Adjustments of carrying value of equity of SABB Takaful Company</b>			
(-) Additional reserves for outstanding receivables		(133,000)	

In Saudi riyals, except where otherwise mentioned			
As on the Financial Statements announced for the third quarter of 2021G	Walaa Insurance Company	SABB Takaful Company	Merging Company
(-) Professional expenses related to IFRS17		(1,050,000)	
(-) Professional expenses related to Merger Transaction		(5,711,000)	
(-) Liabilities to SABB Takaful Company employees		(3,900,000)	
(-) Differences from Zakat assessment for 2018G		(891,000)	
(-) Contingent Zakat liabilities for 2019G and 2020G		(877,000)	
(-) VAT paid and entered as prepayments		(970,000)	
(-) Shortage in incurred but unreported liabilities reserve - technical reserve		(2,034,000)	
(-) Shortage in premium deficiency reserve		(5,655,000)	
(-) Shortage in individual life insurance reserve unrelated to investment units		(2,200,000)	
<b>C- Total adjustments of SABB Takaful Company (represented in adjustments of thorough inspections and Walaa Insurance Company and SABB Takaful Company inputs as agreed by the Parties)</b>		<b>(23,421,000)</b>	
Final assessment after adjustments of thorough inspections and Walaa Insurance Company and SABB Takaful Company inputs as agreed by the Parties	(A+B) (878,155,891)	(A+C) (277,395,000)	(1,155,550,891)
Equity in Merging Company (%)	(75.99%)	(24.01%)	100%
<b>Number of currently issued Walaa Insurance Company shares (share)</b>			<b>64,639,706</b>
<b>Number of currently issued SABB Takaful Company shares (share)</b>			<b>34,000,000</b>
<b>Number of shares to be issued for SABB Takaful Company shareholders (share)</b>			<b>20,418,619</b>
<b>Exchange ratio against each (1) share owned in SABB Takaful Company (number of shares to be issued for SABB Takaful Company shareholders ÷ number of currently issued SABB Takaful Company shares)</b>			<b>0.6005476176470590</b>
<b>Total number of Merging Company's shares (after completion of the Merger Transaction) (share)</b>			<b>85,058,325</b>

\* The carrying value was adjusted to exclude actuarial loss of end-of-service benefits, which are part of the operational provisions of policy holders

Based on the said Exchange ratio, Walaa shall increase its capital and issue (20,418,619) ordinary shares in a nominal value of (10) ten Saudi riyals each to be registered for SABB Takaful Company shareholders with a total nominal value of (204,186,190) Saudi riyals. The total market value of Consideration Shares based on the Exchange ratio and closing price of Walaa Insurance Company share at (15.72) Saudi riyals as on 16/01/1444H corresponding to (14/08/2022G) (according to the nearest trading day prior to publishing the Document) amount (320,980,691) Saudi riyals. The total value of Consideration Shares, which shall be reflected in the financial statements of Walaa Insurance Company, shall later be determined based on the closing price of Walaa Insurance Company shares on the last trading day prior to the Effectiveness of the Merger Transaction Decision.

The following table details the consideration value according to the price of Walaa Insurance Company share with comparison to the market value of SABB Takaful Company:

Number of shares to be issued for SABB Takaful Company shareholders	(20,418,619) ordinary shares	
Total value of consideration according to the closing price of Walaa Insurance Company on 22/07/1443H (corresponding to 23/02/2022G) (which is the last trading day prior to the date of concluding the Merger Agreement)	(365,493,280) Saudi riyals	• Closing price of Walaa Insurance Company: (17.90) Saudi riyals
Total value of consideration according to the closing price of Walaa Insurance Company on 16/01/1444H (corresponding to 14/08/2022G) (which is the nearest trading day prior to publishing the Document)	(320,980,691) Saudi riyals	• Closing price of Walaa Insurance Company: (15.72) Saudi riyals
Market value of SABB Takaful Company on 22/07/1443H (corresponding to 23/02/2022G) (which is the last trading day prior to the date of concluding the Merger Agreement)	(936,700,000) Saudi riyals	• Closing price of SABB Takaful Company: (27.55) Saudi riyals • Number of currently issued shares in SABB Takaful Company (34,000,000) ordinary shares.
Market value of SABB Takaful Company on 16/01/1444H (corresponding to 14/08/2022G) (which is the nearest trading day prior to publishing the Document)	(580,720,000) Saudi riyals	• Closing price of SABB Takaful Company: (17.08) Saudi riyals • Number of currently issued shares in SABB Takaful Company (34,000,000) ordinary shares.
Difference between market value of SABB Takaful Company and total value of consideration on 22/07/1443H (corresponding to 23/02/2022G) (which is the last trading day prior to the date of concluding the Merger Agreement)	Decrease by (60.98%)	
Difference between market value of SABB Takaful Company and total value of consideration on 09/01/1444H (corresponding to 07/08/2022G) (which is the nearest trading day prior to publishing the Document)	Decrease by (44.73%)	

The following detailed table explains the method of calculating the Exchange ratio:

Item	Explanation
Merging Company Assessment (After the Merger Transaction)	Walaa Insurance Company Assessment + SABB Takaful Company Assessment
Walaa Insurance Company Equity in the Merging Company (After the Merger Transaction)	$\frac{\text{Walaa Insurance Company Assessment for Insurance}}{\text{Merging Company Assessment (after the Merger Transaction)}}$
SABB Takaful Company Equity in the Merging Company (After the Merger Transaction)	$\frac{\text{SABB Takaful Company Assessment}}{\text{Merging Company Assessment (after the Merger Transaction)}}$
Number of shares for Walaa Insurance Company current shareholders after the Merger	As is prior to the Capital Increase, i.e., (64,639,706) shares
Number of new shares for SABB Takaful Company current shareholders	$\frac{\text{Number of currently issued Walaa Insurance Company shares}}{\text{Walaa Insurance Company Equity in the Merging Company (after the Merger Transaction)}}$
Exchange ratio against each (1) share owned in SABB Takaful Company	$\frac{\text{Number of shares to be issued for SABB Takaful Company shareholders for the Merger Transaction}}{\text{Number of currently issued SABB Takaful Company shares}}$

## 2.5 Financing the Merger Transaction

Walaa Insurance Company shall not pay any monetary consideration for SABB Takaful Company shareholders for the Merger of SABB Takaful Company into Walaa Insurance Company. No external finance shall be provided to conclude the Merger Transaction where the Offer in the Merger Transaction shall be through the issuance of (20,418,619) new fully paid ordinary shares in Walaa Insurance Company for SABB Takaful Company shareholders against the Merger of SABB Takaful Company into Walaa Insurance Company in a nominal value of 10 Saudi riyals each for SABB Takaful Company shareholders. This means that (0.6005476176470590) share shall be issued in Walaa Insurance Company against each share owned in SABB Takaful Company. These shares shall be registered for qualified SABB Takaful Company shareholders. The new shares issued due to the Capital Increase of Walaa Insurance Company shall be equal in value, classification and rights in all aspects with the currently issued Walaa Insurance Company shares.

In this context, Walaa Insurance Company Board of Directors confirms that no commission shall be paid nor any value or guarantee shall be provided for any securities in Walaa Insurance Company (whether or not contingent) in any form in the context of the Merger Transaction with SABB Takaful Company.

## 2.6 Merger Agreement and Summary of the Conditions of Completion of the Merger Transaction

Walaa Insurance Company and SABB Takaful Company Boards of Directors concluded the Merger Agreement on 23/07/1443H (corresponding to 24/02/2022G) (hereinafter referred to as the "Merger Agreement" or "Agreement"). This Agreement included special conditions to conclude the Merger Transaction according to the steps, procedures and Exchange ratio specified in this Document, in addition to certain undertakings and warranties by the Companies' management. Hence, the Merger Transaction shall be subject to the conditions detailed in the clauses of the Merger Agreement.

Here is a summary of the basic clauses and conditions stated in the Merger Agreement:

### 2.6.1 Agreement on Completion of the Merger Transaction

Walaa Insurance Company and SABB Takaful Company agree to mutually conclude the Merger Transaction according to the conditions stated in the Merger Agreement and applicable laws and regulations, act on good faith to meet all conditions and conclude all necessary works for the completion of the Merger Transaction. Each Party agreed to perform all works and obtain the necessary licenses and approval for the completion of the said Merger Transaction. Accordingly, Walaa Insurance Company and SABB Takaful Company agree on the following:

- A. In consideration of SABB Takaful Company undertakings as set in the Merger Agreement, Walaa Insurance Company undertakes to prepare the Offer Document (this Document), Shareholders' Circular and all documents and applications required for Capital Increase (as detailed in Section 3.2 of this Document). Walaa Insurance Company Board of Directors shall also invite the Extraordinary General Assembly to convene after Assembly all Preconditions (as explained in Section 2.6.3 of this Document) for the approval by a majority no less than three quarters of the shares represented in the Extraordinary General Assembly for the approval the Merger Transaction and other relevant resolutions, i.e., to vote on the Capital Increase according to the terms and conditions of the Merger Agreement (which were explained in Section 2.6 of this Document); vote on the amendments suggested to the Baylaw of Walaa Insurance Company regarding the Merger Transaction (as detailed in Annex 1 of this Document); and vote on the authorization of Walaa Insurance Company Board of Directors or any person authorized by Walaa Insurance Company Board of Directors to issue any resolution or take any procedure that might be necessary to adopt any of the resolutions related to the Merger Transaction.
- B. In consideration of Walaa Insurance Company undertakings as set in the Merger Agreement, SABB Takaful Company undertakes, provided all Preconditions set in the Merger Agreement and detailed in Section 2.6.3 of this Document are met and pursuant to the publication of this Document, to comply with the timetable of the Merger Transaction between Walaa Insurance Company and SABB Takaful Company through the publication of a circular to SABB Takaful Company Board of Directors, which includes the recommendation and approval of SABB Takaful Company Board of Directors for the Merger Transaction, and the invitation of the Extraordinary General Assembly of SABB Takaful Company to convene to vote, by a majority of no less than three-quarters of the shares represented in the Extraordinary General Assembly meeting, on the Merger Transaction and other related resolutions, i.e., vote on the Offer presented by Walaa Insurance Company according to the terms and conditions of the Merger Agreement (which were detailed in Section 2.6 of this Document); authorize the Board of Directors of SABB Takaful Company or any person authorized by the Board of Directors of SABB Takaful Company to adopt any resolution or take any procedure that might be necessary to adopt any of the resolutions related to the Merger Transaction.

## 2.6.2 Warranties and Undertakings

Walaa Insurance Company undertakes to SABB Takaful Company that the warranties and undertakings, except for matters disclosed by Walaa Insurance Company in the disclosure letter and/or additional disclosure letter exchanged between the Companies, are correct, accurate and not misleading, and do not include any false information or omission of any facts, information, circumstances or expected events that would affect the wish of SABB Takaful Company (subjectively) to continue with the Merger Transaction.

SABB Takaful Company undertakes to Walaa Insurance Company that the warranties and undertakings, except for matters disclosed by SABB Takaful Company in the disclosure letter and/or additional disclosure letter exchanged between the Companies, are correct, accurate and not misleading, and do not include any false information or omission of any facts, information, circumstances or expected events that would affect the wish of Walaa Insurance Company (subjectively) to continue with the Merger Transaction.

The Parties also declare that the agreed clauses of the Merger Agreement are explained in the said undertakings and warranties, which are granted based on thoroughly legal studies conducted by the advisors of each party on the Company.

Each Party undertakes to the other to disclose any information or incidents that took place or appeared after the date of signing the Merger Agreement that would cause violation of any of the undertakings and warranties under an additional disclosure regulation to be directed to the other Party in ten business days as of the appearance of said incident or information.

The Parties to the Agreement declare that the warranties and undertakings given by each of them are correct, accurate and not misleading, except for what was sufficiently disclosed by the Parties in the statement of disclosure to explain the details and nature of presented disclosures.

## 2.6.3 Preconditions

Completion of the Merger Transaction shall be subject to the following Preconditions:

- GAC shall not object to the economic concentration resulting from the Merger Transaction;
- Saudi Central Bank shall approve the Merger Transaction and Capital Increase of Walaa Insurance Company;
- Saudi Stock Exchange shall approve the listing of new shares for Walaa Insurance Company according to the Listing Rules;
- Approval by CMA for the request of Capital Increase of Walaa Insurance Company through the issuance of new shares for the SABB Takaful Company shareholders for the completion of Merger and approval for the publication of the Offer Document;
- Extraordinary General Assembly of Walaa Insurance Company shall approve by a majority no less than three-quarters of the shares represented in the meeting for the Merger Transaction and other relevant resolutions, i.e., to approve the Capital Increase according to the terms and conditions of the Merger Agreement (which were explained in Section 2.6 of this Document); approve the amendments suggested to the Baylaw of Walaa Insurance Company regarding the Merger Transaction (as detailed in Annex 1 of this Document); and approve the authorization of Walaa Insurance Company Board of Directors or any person authorized by Walaa Insurance Company Board of Directors to issue any resolution or take any procedure that might be necessary to adopt any of the resolutions related to the Merger Transaction; and
- Extraordinary General Assembly of SABB Takaful Company shall approve by a majority no less than three-quarters of the shares represented in the meeting for the Merger Transaction and other relevant resolutions, i.e., to vote on the Offer provided by Walaa Insurance Company according to the terms and conditions of the Merger Agreement (as detailed in Annex 1 of this Document); authorize SABB Takaful Company Board of Directors or any person authorized by SABB Takaful Company Board of Directors to issue any resolution or take any procedure that might be necessary to adopt any of the resolutions related to the Merger Transaction; and
- Expiry of the Creditors' Objection Period and/or settlement of all creditors' objections to the Merger Transaction (whichever is later) according to Article (193) of the Companies Law.

## 2.6.4 Undertakings and Procedures pending till the Effectiveness of the Merger Transaction Decision

Undertakings by SABB Takaful Company for Walaa Insurance Company, which undertakes towards SABB Takaful Company to comply with the following during the period between the date of signing the Merger Agreement and completion of the Merger Transaction:

- Refrain from doing anything that would cause violation of the given warranties and undertakings, which were summarized in Section 2.6.2 of this Document;
- Refrain from making any changing or taking any decisions that would, jointly and severally, lead to an adverse effect on its works, assets or goodwill;
- Refrain, during the period extended as of the date of signing the Merger Agreement till the Effectiveness of the Merger Transaction Decision, from disposing of any assets or acquiring or approving the acquisition of the assets of the other Party, except for those involved in normal transactions or the scope of Merger Transaction;
- Manage its business usually during the period extended as of signing the Merger Agreement and Effectiveness of the Merger Transaction Decision, refrain from conducting any works outside its usual business without obtaining the other Party's prior written approval, and refrain from causing any deterioration of the assets, except for those involved in the usual business;
- Refrain from making any pledge or issuing the approval for making any pledge on any of its assets;
- Refrain from making or causing any act or incident that could adversely affect the status of assets or their financial position; and the Parties shall be concerned about taking all precautionary measures to prevent the happening or occurrence of any such incident; Without prejudice to the forgoing, the Parties undertake to renew and ensure that all licenses and permits necessary for continuing the operating works remain valid as of signing the Merger Agreement;
- Unless this was at the request of the Saudi Central Bank, refrain from rescinding, terminating or doing anything that would place a limit to any signed reinsurance agreements or any insurance policies on their Assets and Liabilities. If any of the said agreements and/or insurance policies have expired or are expected to expire prior to the date of completion of the Merger Transaction, the Related Party shall make every effort, in cooperation and after consultation with the other Party, to renew or replace the same with contracts or policies that provide coverage similar to the coverage provided by the said expired contracts and/or policies;
- Continue to manage its business normally and usually, refrain from doing any works outside the scope of its usual business without obtaining the other Party's prior, written and express approval, and any Party may deplete the net assets only via the method conforming with its usual business; and
- Allow the representatives and advisors of the other Party to access the books, records, information and documents necessary to conduct a thorough inspection as required to complete the Merger Transaction.

Walaa Insurance Company and SABB Takaful Company. Undertake as of signing the Merger Agreement till the Effectiveness of the Merger Transaction Decision to inform the other Party in writing and in 3 business days in case any of the following events took place prior to the Effectiveness of the Merger Transaction Decision:

- Enter into any new finance agreement or payment of any outstanding loan, including shareholders' loan;
- Enter into any new transactions with Related Parties (save for insurance policies within the scope of usual business and save for the transactions concluded between SABB Takaful Company and Saudi British Bank (SAAB), HSBC Holdings plc, Olayan Group and any of their branches);
- Enter into, amend or terminate agreement, arrangement or material liabilities in excess of (5,000,000) five million Saudi riyals (save for the contracts concluded in the scope of usual operation processes and in relation to the banking insurance contracts and insurance policies for SABB Takaful Company);
- Incur any capital costs or acquire any assets, which individual value exceed a total of (3,000,000) three million Saudi riyals;
- Impose any pledges on any of their assets; and
- Introduce any material amendments to the terms and conditions of employment, including benefits due to any Board of Directors Members, CEOs, officials or employees, appoint or approve the appointment of any senior CEOs.



As of signing the Merger Agreement till the Effectiveness of the Merger Transaction Decision and/or Rescission of the Merger Agreement, Walaa Insurance Company and SABB Takaful Company undertake to:

- Refrain from taking any measure (directly or indirectly) to enter into any discussions or negotiations with any person or entity regarding the Merger or any other similar processes, do any work or take any contradictory measure, including but not limited to the submission of recommendation by the Board of Directors to the shareholders concerning another competing offer or contradictory to the conditions of the Offer Document and/or Merger Agreement and/or any of the documents related to the Merger Transactions; and
- Fully cooperate with the other Party in a quick and effective manner regarding the submission of files, announcements, applications required to obtain all approvals, permits, non-objection letters or other similar approvals as required under the laws of KSA or competence governmental authorities to complete the Merger Transaction under the terms and conditions of the Merger Agreement. Based on the foregoing, each Party shall cooperate with the requests of the other Party to inform the same of the status of any files, applications or any communications related to the Merger Transaction, any other inquiries or requests to obtain additional information from or to any competent governmental authority in the KSA.
- Save for the foregoing, SABB Takaful Company confirmed to Walaa Insurance Company the following:
- SABB Takaful Company declared its intention to pay some of its employees and managers remunerations base on the remuneration system approved by SABB Takaful Company in relation to the completion of the Merger Transaction in a total value of (2,400,000) two million four hundred thousand Saudi riyals representing the remunerations due from the financial year expired on December 31, 2021G; and
- SABB Takaful Company represents that the employees loaned from Saudi British Bank (SAAB) shall leave SABB Takaful Company after completion of the Merger Transaction provided the said employees and some employees and managers of SABB Takaful Company shall receive remuneration related to the completion of the Merger Transaction in a total value of (3,900,000) three million nine hundred thousand Saudi riyals.
- Save for the foregoing, Walaa Insurance Company confirmed to SABB Takaful Company the following:
- Walaa Insurance Company shall settle several capital liabilities pursuant to its business plan in relation to the purchase of information technology and information security software and hardware, and carrying out of office and branch renovation project in a total value of (37,100,000) thirty-seven million one hundred thousand Saudi riyals; and
- Walaa Insurance Company declared its intention to settle several liabilities of operating costs concerning the remunerations and bonuses of some employees and managers after signing the Merger Agreement in a total value of (2,408,023) two million four hundred eight thousand twenty-three Saudi riyals.

The Parties agree that the said representations, which are given by each of them, shall not violate any of the clauses of the Merger Agreement, particularly the representations and warranties made by each Party, and shall not be deemed to have any material adverse effect on the business of any Company.

## 2.6.5 Implementation of the Merger Agreement

On the date of signing the Merger Agreement, each Party undertakes to sign and deliver the documents indicated below to the other Party's representative:

- A. Documents to be signed and delivered by Walaa Insurance Company to the representatives of SABB Takaful Company:
  - Signed copy of the Merger Agreement;
  - Signed copy of the disclosure letter and attachments; and
  - Copy of the minutes of the General Assembly of Walaa Insurance Company where signing the Merger Agreement is approved.
- B. Documents to be signed and delivered by SABB Takaful Company to the representatives of Walaa Insurance Company:
  - Signed copy of the Merger Agreement;
  - Signed copy of the disclosure letter and attachments;
  - Copy of the minutes of the General Assembly of SABB Takaful Company where signing the Merger Agreement is approved; and
  - Copy of the minutes of the General Assembly of SABB Takaful Company shareholders where it is represented that the termination fees are fair, thus inuring to the benefit of SABB Takaful Company shareholders pursuant to Article (36.b) of the Merger and Acquisition Regulations.

To complete the Merger Transaction, Walaa Insurance Company and SABB Takaful Company shall:

- Register the new shares issued in Walaa Insurance Company for SABB Takaful Company shareholders against the transfer of all Assets and Liabilities of SABB Takaful Company to Walaa Insurance Company based on the agreed Exchange ratio. SABB Takaful Company shareholders shall not receive any monetary consideration as a result of the Merger Transaction. In case the calculation of shares due to any SABB Takaful Company shareholders based on the Exchange ratio resulted in fractional shares, the resultant number shall be approximated to the lowest whole number. Fractional shares shall be grouped and timely sold in Saudi Stock Exchange at market price on behalf of qualified SABB Takaful Company shareholders. Hence, the proceeds resulting from the sale shall be distributed among the qualified shareholders on a proportionate basis in no more than thirty (30) days as of concluding the Merger Transaction. The costs related to the sale of fractional shares shall be deducted from the total proceeds of such sale;
- Transfer of all Assets and Liabilities of SABB Takaful Company to Walaa Insurance Company against the registration of new shares issued in Walaa Insurance Company in favor of SABB Takaful Company shareholders. The date of registering the shares for SABB Takaful Company shareholders shall be deemed the date of completing the Merger Transaction; and
- Convene the General Assembly of Walaa Insurance Company to take all resolutions set in the Merger Agreement.

As of signing the Merger Agreement till the date of the Effectiveness of the Merger Transaction Decision, Walaa Insurance Company and SABB Takaful Company shall make every effort to (a) complete all tax, Zakat and VAT returns for the Zakat, Tax and Customs Authority (ZATCA), (b) handle all assessments with ZATCA, and (c) obtain the final Zakat and tax certificates from ZATCA, which shall cover the periods subject to tax and Zakat ending on the effective date of the Merger Transaction Decision.

## 2.6.6 Rescission of the Merger Agreement

If any of the Preconditions are unmet after the lapse of no more than nine months as of signing the Merger Agreement and unless it is otherwise agreed between the Parties, Walaa Insurance Company or SABB Takaful Company shall be entitled to terminate the agreement under a letter directed to the other party. The termination shall enter into force once the said letter of termination is sent and the provisions of the Merger Agreement shall apply. Noting that the right to terminate the Merger Agreement is not granted to the party that gave grounds to the termination of the Merger Agreement by violating any of the basic duties imposed under the Agreement.

In addition, the Merger Agreement may be rescinded at any time prior to the date of completing the Merger Transaction:

- Based on a joint written approval of Walaa Insurance Company and SABB Takaful Company for the termination of the Merger Agreement;
- By any Party in case of MAC as detailed in Section 2.6.7 of this Document; and/or
- By any Party under a written notice to the other Party if:
  - A law is issued that rejects or disallows the continuation of the Merger Transactions; and/or
  - A court judgment or order, decree or decision is issued by any governmental entity or court having jurisdiction to the interruption of the Merger Transactions between the Companies and such judgment, order or decree is final and unobjectionable.

Upon rescission of the Merger Agreement, the exchanged liabilities of the Parties set in the Merger Agreement shall be discharged except for:

- Payment of termination fees;
- Provisions of the Merger Agreement stipulated to survive the termination of the Merger Agreement (which are related to the termination fees, services, confidential information, entire agreement, assignment of or amendment to Merger Agreement only under a written approval by its Parties, notices, non-establishment of rights for third parties and disputes); and
- Provisions of the Merger Agreement in relation to confidential information and announcements.

If the Merger Agreement is rescinded, the Parties undertake to cooperate in good faith to cancel any agreements, licenses or approvals signed or obtained to complete the Merger Transaction.

## 2.6.7 Material Adverse Change (MAC)

In case of MAC (or Material Adverse Effect (MAE)) to Walaa Insurance Company and SABB Takaful Company represented in any of the following cases:

- Any incident, series of events of incidents, including the breach by a Party to the material undertakings and warranties given by them, leading to reduction of net carrying value at (15%) or more, save for circumstances where such reduction is resulted from fluctuations in financial markets, interest rate, currency exchange rates, goods prices, other general economic conditions, general conditions generally affecting the insurance sector or any amendment to the laws or applicable accounting practices;
- Breach by any Party to the undertakings and procedures pending till the Effectiveness of the Merger Transaction Decision (detailed in Section 2.6.5 of this Document);
- Breach by Walaa Insurance Company or SABB Takaful Company to their material undertakings; or
- Bankruptcy or default of Walaa Insurance Company or SABB Takaful Company,

### The following provisions shall apply:

If it is found by any Party that a MAC occurred (or could occur) prior to the Effectiveness of the Merger Transaction Decision, the other Party shall immediately be notified. Hence, the representatives of Walaa Insurance Company and SABB Takaful Company shall meet to discuss the circumstances and grounds of MAC in a period no more than (10) ten days as of the notice. If the Companies' representatives failed to agree to consider the incident or circumstance a MAC, the Parties shall appoint and assign an independent expert ("Expert") with the task of an Expert and not an arbitrator to reconsider the prevailing circumstances, issue a final decision/report binding on the Parties about the whether or not a MAE is produced. As for the cost of appointing the expert, it shall be afforded by the Parties. If it is established that no MAC took place, the Party, who stated that the same occurred, shall compensate the other Party for the incurred costs. If the Parties' representatives failed to agree on appointing the Expert, the Party, who stated that a MAC took place, shall be entitled to resort to the Saudi Center for Commercial Arbitration ("SADR") to appoint the Expert, provided the decision of SADR shall be binding on the Parties to this end.

If it is finally and certainly confirmed by the Expert that a MAC took place, the following provisions shall apply:

- The Parties may agree to proceed with the Merger Transaction according to the clauses of the Merger Agreement irrespective of the MAC; and
- The Party affected by MAC may rescind the Merger Agreement and claim the other Party to pay the termination fees immediately.

The right to rescind the Merger Agreement and claim termination fees according to the foregoing is exercised in (30) thirty business days as of being informed of the occurrence of MAC or in (30) thirty business days as of the issuance of the final Expert's report under the penalty of losing the right and considering the injured party has waived its right to rescind the Merger Agreement and claim the termination fees.

## 2.6.8 Termination Fees

In consideration of the approval by SABB Takaful Company for the allocation of resources, incurring of costs and charges to effect the Merger Transaction, Walaa Insurance Company undertakes to pay SABB Takaful Company the termination fees, which are set at a total amount of (5,000,000) five million Saudi riyals, in no more than five business days as of the claim by SABB Takaful Company in the following cases:

- If the Board of Directors of Walaa Insurance Company decided to withdraw its recommendation to vote for the completion of the Merger Transaction, amend the same materially aside from what is set in the shareholders' Circular or amend the Offer provided to SABB Takaful Company shareholders according to the conditions set in the Offer Document;
- If Walaa Insurance Company failed to take the necessary steps to effect the Merger Transaction in no more than nine months as of signing the Merger Agreement, except for the steps agreed by the Board of Directors of SABB Takaful Company to refrain from taking;
- If Walaa Insurance Company breached any of the imposed liabilities during the period between the date of signing the Merger Agreement and completion of the Merger Transaction, which were detailed in Section 2.6.4 of this Document, thus causing the withdrawal or lapse of the Offer;
- If Walaa Insurance Company caused the withdrawal or lapse of the Merger Offer provided under the shareholders' Circular and Offer Document; or
- If SABB Takaful Company decided to rescind the Merger Agreement due to the occurrence of MAC to the business of Walaa Insurance Company as detailed in Section 2.6.7 of this Document.

In consideration of the approval by Walaa Insurance Company for the allocation of resources, incurring of costs and charges to effect the Merger Transaction, SABB Takaful Company undertakes to pay Walaa Insurance Company the termination fees, which are set at a total amount of (5,000,000) five million Saudi riyals, in no more than five business days as of the claim by Walaa Insurance Company in the following cases:

- If the Board of Directors of SABB Takaful Company decided to withdraw its recommendation to vote for the completion of the Merger Transaction, amend the same materially aside from what is set in the Circular of the Board of Directors of SABB Takaful Company;
- If SABB Takaful Company failed to take the necessary steps to effect the Merger Transaction in no more than nine months as of signing the Merger Agreement, except for the steps agreed by the Board of Directors of Walaa Insurance Company to refrain from taking;
- If SABB Takaful Company breached any of the imposed liabilities during the period between the date of signing the Merger Agreement and completion of the Merger Transaction, which were detailed in Section 2.6.4 of this Document, thus causing the withdrawal or lapse of the Offer;
- If SABB Takaful Company breached the duties prescribed under Article (36.a) of the Merger and Acquisition Regulations as follows: (a) Issue any undisclosed unissued shares; (b) issue or grant rights in respect of any unissued shares; (c) create or issue, or permit the creation or issuance of, any convertible securities into shares or subscription for shares; (d) sell, dispose of or acquire, or agree to sell, dispose of or acquire, assets of a value equal to (10%) of its net assets according to the latest reviewed interim financial statements or audited annual financial statements, whichever is later, whether through a transaction or various transactions; (e) buy-back of its shares; or (f) enter into contracts otherwise than in the ordinary course of business;
- If Walaa Insurance Company decided to rescind the Merger Agreement due to the occurrence of MAC to the business of SABB Takaful Company or due to SABB Takaful Company proceeding to commit a material breach to the warranties and undertakings; or
- Failure to complete the Merger Transaction due to breach by SABB Takaful Company to its duties towards the creditors during the Creditors' Objection Period pursuant to Article (193) of the Companies Law.

The Parties agree that if and when the termination fees are paid pursuant to the previous clauses, the payer Party shall be discharged of any additional amounts that might be due as a result of rescinding the Merger Agreement.

## 2.6.9 Merging Company Governance

After completion of the Merger Transaction, it is agreed between the Companies that no changes shall be made to the Board of Directors, i.e., the current Board of Directors Members of Walaa Insurance Company, who are twelve, shall remain as Board of Directors Members.

Here are the current Board of Directors Members of Walaa Insurance Company:

1. Chairman and non-Executive Mr. Sulaiman A. Al-Kadi.
2. Vice-Chairman and non-Executive Mr. Khalifa A. Al Mulhem.
3. Non-Executive Mr. Solaiman A. Al Twaijri.
4. Non-Executive Mr. Wasef Salem Al Jebshah.
5. Non-Executive Mr. Waleed M. Al Jafaari.
6. Independent Board of Directors Member Mr. Jameel A. Al Molhem.
7. Non-Executive Mr. Hesham A. Al Jabr.
8. Non-Executive Mr. Abdullatif Khalifa Almulhiem.
9. Independent Board of Directors Member Mr. Osama Mirza Al Khunaizi.
10. Independent Board of Directors Member Mr. Hatem F. Balghoneim.
11. Independent Board of Directors Member Mr. Abdulaziz Saud AlShabeebi.

After Completion of the Merger Transaction, Mr. Sulaiman A. Al-Kadi shall remain the Chairman and Mr. Khalifa A. Al Mulhem shall remain the Vice-Chairman. The Merger Agreement does not include any changes to current Board of Directors Members of the Merging Company.

The following table explains the executive management of the Merging Company:

Name	Position in Merging Company	Current Position
Johnson Varughese	CEO	CEO - Walaa Insurance Company
Mohannad M. Al Desouki	CFO	CFO - Walaa Insurance Company
Wasif F. Minhas	Chief Technical Officer (Motor & General)	Chief Technical Officer (Motor & General) - Walaa Insurance Company
Ghayas H. Khan	Chief Technical Officer (Life & Medical)	Chief Technical Officer (Life & Medical) - Walaa Insurance Company
Fahad K. Aba Alkhail	VP Sales & Marketing	VP Sales & Marketing - Walaa Insurance Company
Turki A. Al-Buraik	VP HR & Public Relations	VP HR & Public Relations - Walaa Insurance Company

As on the date of this Document, the executive management of the Merging Company is represented only from the executive management of Walaa Insurance Company. The Merger Agreement does not include any change to the current Board of Directors Members of the Merging Company. The said structure of the executive management of the Merging Company may be expanded during the integration process and after completing the Merger Transaction. This requires obtaining the approvals of the Nomination and Remuneration Committee, Board of Directors of Walaa Insurance Company and Saudi Central Bank.

It is worth noting that the Merging Company shall absorb all employees of SABB Takaful Company without imposing any compulsory redundancy. The capabilities and experiences of the employees of SABB Takaful Company shall be used in the Merging Company according to the need of the merger of business and integration plan.

## 2.6.10 Summary of the Conditions of Completion of the Merger Transaction

The Merger Transaction shall be subject to the following conditions:

1. Obtain of non-objection by GAC for the economic concentration resulting from the Merger Transaction, the approval by Saudi Central Bank for concluding the Merger Transaction and Capital Increase of Walaa Insurance Company, the approval by Saudi Stock Exchange for listing the shares issued to SABB Takaful Company shareholders following the Capital Increase of Walaa Insurance Company, and the approval by CMA on the Capital Increase of Walaa Insurance Company and publication of Offer Document;
2. Comply with all clauses of the Merger Agreement by the Board of Directors of Walaa Insurance Company and SABB Takaful Company and executives, refrain from terminating the same by any Companies due to the occurrence of any grounds of rescission as explained in Section 2.6.6 of this Document, refrain from breaching any clause of the Merger Agreement, and comply with all laws and regulations applicable to the KSA;
3. Extraordinary General Assembly of Walaa Insurance Company shall approve by a majority no less than three-quarters of the shares represented in meeting the for the Merger Transaction and other relevant resolutions, i.e., to approve the Capital Increase according to the terms and conditions of the Merger Agreement (which were explained in Section 2.6 of this Document); approve the amendments suggested to the Baylaw of Walaa Insurance Company regarding the Merger Transaction (as detailed in Annex 1 of this Document); and approve the authorization of Walaa Insurance Company Board of Directors or any person authorized by Walaa Insurance Company Board of Directors to issue any resolution or take any procedure that might be necessary to adopt any of the resolutions related to the Merger Transaction;
4. Extraordinary General Assembly of SABB Takaful Company shall approve by a majority no less than three-quarters of the shares represented in the meeting for the Merger Transaction and other relevant resolutions, i.e., to vote on the Offer provided by Walaa Insurance Company according to the terms and conditions of the Merger Agreement (as detailed in Section 2.6 of this Document); authorize SABB Takaful Company Board of Directors or any person authorized by SABB Takaful Company Board of Directors to issue any resolution or take any procedure that might be necessary to adopt any of the resolutions related to the Merger Transaction;
5. Expiry of the Creditors' Objection Period and/or settlement of all creditors' objections to the Merger Transaction (whichever is later) according to Article (193) of the Companies Law;
6. Complete the Merger Transaction prior to the final effective date agreed in the Merger Agreement, i.e., on 28/03/1444H (corresponding to 24/10/2022G) unless Walaa Insurance Company and SABB Takaful Company agreed in writing to extend the final effective date; and Absence of any proceedings taken or claimed to be taken by any court, legislation body, authority or governmental body in the KSA, or amendments to the laws and procedures to be suggested after the date of signing the Merger Agreement so as to make the effectiveness or continuation of the Merger Transactions illegal or unallowable.

## 2.7 Legal Approvals required to Complete the Merger Transaction

To complete the Merger Transaction, several legal procedures are required to be carried out and approvals to be obtained from the legal bodies as follows:

- A. Obtain non-objection from GAC to the economic concentration resulting from the Merger Transaction. Non-objection was obtained from GAC on 18/08/1443H (21/03/2022G).
- B. Obtain approval from Saudi Central Bank to the Merger Transaction and Capital Increase of Walaa Insurance Company approval from Saudi Central Bank was obtained on 02/01/1444H (corresponding to 31/07/2022G).
- C. Obtain approval of Saudi Stock Exchange for the listing of shares issued for SABB Takaful Company shareholders pursuant to the Capital Increase of Walaa Insurance Company. Approval of Saudi Stock Exchange was obtained on 11/01/1444H corresponding to 09/08/2022G.
- D. Obtain approval of CMA for the request to increase capital and publish the Offer Document. Approval of CMA was obtained on 12/01/1444H corresponding to 10/08/2022G.
- E. Obtain approval of CMA to invite the Extraordinary General Assembly for Walaa Insurance Company and SABB Takaful Company, separately, regarding the Merger Transaction.

## 2.8 Extraordinary General Assemblies

In addition to the legal approvals mention in the said Section 2.7 of the Offer Document, it is required to complete the Merger Transaction that several approvals would be obtained from the shareholders of Walaa Insurance Company and SABB Takaful Company in the Extraordinary General Assemblies of the Companies as follows:

### 2.8.1 Extraordinary General Assemblies of Walaa Insurance Company

#### First Assembly:

The legal quorum of the Extraordinary General Assembly of Walaa Insurance Company is met by the attendance of the shareholders of Walaa Insurance Company, who own shares representing half of the capital of Walaa Insurance Company, either in person, by proxy, or through remote voting. If the Merger Transaction is confirmed through the voting of shareholders owning no less than three quarter of the shares represented in the Extraordinary General Assembly of Walaa Insurance Company, either in person, by proxy or through remote voting, the Merger Transaction shall be deemed to be confirmed by Walaa Insurance Company and the Capital Increase shall be approved. However, such increase shall be effective after the approval of the Extraordinary General Assembly of SABB Takaful Company and lapse of the said Creditors' Objection Period or settlement of all creditors' objections to the Merger Transaction (whichever is later) according to the Companies Law.

#### Second Assembly:

If the legal quorum required for the First Extraordinary General Assembly of Walaa Insurance Company is unmet, an invitation shall be issued to convene a second Extraordinary General Assembly of Walaa Insurance Company ("Second Extraordinary General Assembly of Walaa Insurance Company"). The Second Assembly may be convened one hour after the expiry of the period set to convene the first assembly provided the invitation to the first assembly shall include the possibility to convene such second assembly. In the Second Assembly, the legal quorum shall be met by the attendance of shares representing quarter of the capital of Walaa Insurance Company, either in person, by proxy or through remote voting. If the Merger Transaction is confirmed through the voting of shareholders owning no less than three quarter of the shares represented in the Extraordinary General Assembly of Walaa Insurance Company, either in person, by proxy or through remote voting, the Merger Transaction shall be deemed to be confirmed by Walaa Insurance Company and the Capital Increase shall be approved. However, such increase shall be effective after the approval of the Extraordinary General Assembly of SABB Takaful Company and lapse of the said Creditors' Objection Period or settlement of all creditors' objections to the Merger Transaction (whichever is later) according to the Companies Law.

#### Third Assembly:

If the legal quorum required for the Second Extraordinary General Assembly of Walaa Insurance Company is unmet, an invitation shall be issued to convene a third Extraordinary General Assembly of Walaa Insurance Company ("Third Extraordinary General Assembly of Walaa Insurance Company") after obtaining the approval of CMA. The legal quorum is met in this assembly irrespective of the number of shareholders of Walaa Insurance Company represented in such assembly, either in person, by proxy or through remote voting. If the Merger Transaction is confirmed through the voting of shareholders owning no less than three quarter of the shares represented in the Extraordinary General Assembly of



Walaa Insurance Company, either in person, by proxy or through remote voting, the Merger Transaction shall be deemed to be confirmed by Walaa Insurance Company and the Capital Increase shall be approved. However, such increase shall be effective after the approval of the Extraordinary General Assembly of SABB Takaful Company and lapse of the said Creditors' Objection Period or settlement of all creditors' objections to the Merger Transaction (whichever is later) according to the Companies Law.

The shareholders of Walaa Insurance Company, who were unable to personally attend the Extraordinary General Assembly of Walaa Insurance Company (or the Second or Third Extraordinary General Assembly, if required), they can remotely vote according to the mechanism set in Section 2.8.3 below of the Offer Document or authorize another person to vote on their behalf in the assembly. It is worth noting and based on Article (191.4) of the Companies Law, a shareholder owning shares in Walaa Insurance Company and SABB Takaful Company may vote on the Merger Transaction Decision only in the Extraordinary General Assembly of any of the Companies.

## 2.8.2 Extraordinary General Assembly of SABB Takaful Company

### First Assembly:

The legal quorum of the Extraordinary General Assembly of SABB Takaful Company is met by the attendance of the shareholders of SABB Takaful Company, who own shares representing half of the capital of SABB Takaful Company, either in person, by proxy, or through remote voting.

In such assembly, the Merger Transaction shall be confirmed in case of voting in favor of the same by SABB Takaful Company shareholders owning no less than three quarter of the shares represented in such assembly, either in person, by proxy, or through remote voting. The Merger Transaction shall be considered effective after the lapse of the Creditors' Objection Period or settlement of all creditors' objection to the Merger Transaction (whichever is later) and after the issuance of Consideration Shares for the qualified shareholders of SABB Takaful Company.

### Second Assembly:

If the legal quorum required for the First Extraordinary General Assembly of SABB Takaful Company is unmet, an invitation shall be issued to convene a second Extraordinary General Assembly of SABB Takaful Company ("Second Extraordinary General Assembly of SABB Takaful Company"). The Second Assembly may be convened one hour after the expiry of the period set to convene the first assembly provided the invitation to the first assembly shall include the possibility to convene such second assembly. In such Second Assembly, the legal quorum is met by the attendance of SABB Takaful Company shareholders, either in person, by proxy, or through remote voting, owning shares no less than quarter of the capital of SABB Takaful Company. If shareholders owning no less than three quarter of the shares represented in Second Extraordinary General Assembly of SABB Takaful Company either in person, by proxy, or through remote voting. The Merger Transaction shall be considered effective after the lapse of the Creditors' Objection Period or settlement of all creditors' objection to the Merger Transaction (whichever is later) and after the issuance of Consideration Shares for the qualified shareholders of SABB Takaful Company.

### Third Assembly:

If the legal quorum required for the Second Extraordinary General Assembly of SABB Takaful Company is unmet, an invitation shall be issued to convene a third Extraordinary General Assembly of SABB Takaful Company ("Third Extraordinary General Assembly of SABB Takaful Company") after obtaining the approval of CMA. The legal quorum is met in this assembly irrespective of the number of shareholders of SABB Takaful Company shareholders represented in such assembly, either in person, by proxy or through remote voting. In such Third Assembly, the Merger Transaction shall be confirmed in case of voting in favor of the same by SABB Takaful Company shareholders owning no less than three quarter of the shares represented in such assembly, either in person, by proxy, or through remote voting. The Merger Transaction shall be considered effective after the lapse of the Creditors' Objection Period or settlement of all creditors' objection to the Merger Transaction (whichever is later) and after the issuance of Consideration Shares for the qualified shareholders of SABB Takaful Company.

The shareholders of SABB Takaful Company, who were unable to personally attend the Extraordinary General Assembly of SABB Takaful Company (or the Second or Third Extraordinary General Assembly, if required), they can remotely vote or authorize another person to vote on their behalf in the assembly. It is worth noting and based on Article (191) of the Companies Law, a shareholder owning shares in Walaa Insurance Company and SABB Takaful Company may vote on the Merger Transaction Decision only in the Extraordinary General Assembly of any of the Companies.

### 2.8.3 Remote Voting

According to CMA requirements in relation to voting in Extraordinary General Assemblies, including the resolution of Capital Increase of Walaa Insurance Company for the Merger and voting on the Offer of Walaa Insurance Company to confirm the Merger Transaction by the shareholders of SABB Takaful Company, and according to CMA instructions, the shareholders of Walaa Insurance Company and SABB Takaful Company may remotely vote on the Offer presented by Walaa Insurance Company for the Merger with SABB Takaful Company through Tadawulaty, which allows shareholders to vote online. Registration for this service can be sought at Tadawulaty website directly or by visiting the brokerage company, in which the shareholder owns an active portfolio that allows him to apply for registration at Tadawulaty.

Here are the terms and conditions of remote voting, which shall be taken into consideration prior to proceeding to remotely vote:

1. The remote voting shall be calculated in the quorum of the General Assembly convened for this regard and upon taking the relevant resolutions.
2. The option, for which the shareholder voted, shall be circulated for all his owned shares.
3. The last vote shall cancel all previous votes.

Furthermore, all necessary measures shall be taken to ensure that all who remotely voted own the shares, subject of voting, on the date of convening the Extraordinary General Assembly convened for this regard, excluding (1) the votes related to the shares sold or partially sold during the remote voting, and (2) the votes related to shareholders owing shares in the Companies, who voted on the Merger Transaction Decision in the Extraordinary General Assembly of the Companies (their votes to the Merger Transaction Decision shall be calculated in the Extraordinary General Assembly of any Company only).

If the Merger Transaction is confirmed by the shareholders of SABB Takaful Company and Walaa Insurance Company and after the Effectiveness of the Merger Transaction Decision, the listing of SABB Takaful Company shares in Saudi Stock Exchange shall be canceled. All SABB Takaful Company shareholders, including those who did not vote in favor of or did vote against the resolutions suggested to confirm the Merger Transaction, shall receive new shares in Walaa Insurance Company according to the terms and conditions of this Offer.

## 2.9 Creditors' Objection Period

After obtaining the legal approvals mentioned in Section 2.7 of this Document and after obtaining the approval of the Extraordinary General Assemblies of Walaa Insurance Company and SABB Takaful Company according to the mechanism set in Section 2.8 of this Document, the Companies shall publish the resolutions of the Extraordinary General Assembly. The announcement shall indicate the right of any creditor of SABB Takaful Company to object to the Merger Transaction by sending a registered letter to the head office of SABB Takaful Company in thirty days as of publishing the results of the Extraordinary General Assembly regarding the Merger Transaction.

Pursuant to the Companies Law, the Merger Transaction Decision shall be effective only after thirty days from announcing the same without receiving any objection from any creditors of SABB Takaful Company to the Merger Transaction. If any creditor lodged its objection during the said period, the Merger Transaction shall be suspended until such creditor withdraws its objection or until SABB Takaful Company pays the debt if due or submits adequate collateral for payment if deferred.

After the lapse of the Creditors' Objection Period, SABB Takaful Company shall announce the results of such period at Saudi Stock Exchange website as follows:

- No objection was received during such period or objections were received but withdrawn or settled, or the competent court rejected the creditor's request to suspend the Merger Transaction; or
- The details of the received objects, which are unsettled yet and standing, are to be provided as agreed with Walaa Insurance Company. In this case, SABB Takaful Company shall, after settling all received objections, announce the same at Saudi Stock Exchange website.

## 2.10 Details of Shareholder after Completion of the Merger Transaction

Until the procedures of deregistration of SABB Takaful Company are completed, SABB Takaful Company shall be directly owned by Walaa Insurance Company All Assets and Liabilities shall be transferred to Walaa Insurance Company Additionally, there are no agreements, arrangements or understandings with any party owning shares in SABB Takaful Company that would affect the transfer of equity. After completion of the Merger Transaction, the Merging Company shall not have controlling shareholders, who own or control 30% of the Merging Company or capable of controlling its resolutions.

As a result of completing the Merger Transaction, Capital Increase of Walaa Insurance Company and registration of shares issued for SABB Takaful Company shareholders, the number of Walaa Insurance Company shares and equity of the shareholders of Walaa Insurance Company shall be changed (as on 06/11/1443H (corresponding to 05/06/2022G)) as follows:

Shareholder	Prior to Increase of Capital - Walaa Insurance Company				After Increase of Capital - Walaa Insurance Company			
	Number of Shares (Directly Owned)	Direct Equity	Indirect Equity	Total Equity (Direct and Indirect)	Number of Shares (Directly Owned)	Direct Equity	Equity Indirect	Total Equity (Direct and Indirect)
American Life Insurance*	3,551,911	5.49%	N/A	5.49%	3551911	4.18%	N/A	4.18%
Arab National Bank (ANB)**	3545146	5.48%	N/A	5.48%	3545146	4.17%	N/A	4.17%
Board of Directors Members and Senior Executives of Walaa Insurance Company	3030421	4.69%	1.23%	5.91%	3030421	3.56%	0.93%	4.49%
Walaa Insurance Company shareholders out of the public (exclusive of major shareholders, Directors and senior executives)	792,340	1.23%	N/A	1.23%	792340	0.93%	N/A	0.93%
Saudi British Bank (SAAB)					13272102	15.60%	N/A	15.60%
Directors and senior executives of SABB Takaful Company			N/A				N/A	
The public	53719888	83.11%	N/A		67963462	79.90%	N/A	
<b>Total</b>	<b>64639706</b>	<b>100%</b>	<b>N/A</b>		<b>85058325</b>	<b>100%</b>	<b>N/A</b>	

Source: Walaa Insurance Company

\*It is worth noting that the direct equity of American Life Insurance Company shall be reduced from (5.49%) to (4.18%) of Walaa Insurance Company capital after the Capital Increase. Therefore, it shall not be a substantial shareholder in Walaa Insurance Company after the Capital Increase and its equity shall be calculated in the equity of the public.

\*\* It is worth noting that the direct equity of ANB shall be reduced from (5.48%) to (4.17%) of the capital of Walaa Insurance Company after the Capital Increase. Therefore, it shall not be a substantial shareholder in Walaa Insurance Company after the Capital Increase and its equity shall be calculated in the equity of the public.

\*\*\*Indirect equity of the Board of Directors Members is resulted from the indirect equity of Board of Directors Member Khalifa A. Al Mulhem due to his direct and indirect equity in Khalifa A. Al Mulhem Company Limited, direct equity of Mohammed Khalifa Al Mulhem and Abdulaziz Khalifa Al Mulhem (sons of Khalifa A. Al Mulhem), direct equity of Fahd Sulieman Mohammed Balghoneim (father of Board of Directors Member Hatem F. Balghoneim), direct equity of Dina Abdellah Al Geaid (wife of Hatem F. Balghoneim) and direct equity of Abdullatif H. Al Jabr (father of Board of Directors Member Hesham A. Al Jabr).

## 2.11 Completion of the Merger Transaction

After the expiry of the Creditors' Objection Period or the date, on which all creditors' objections to the Merger Transaction are to be settled (whichever is later), the Merger Transaction shall be effective. Walaa Insurance Company shall issue shares to SABB Takaful Company shareholders, who are registered in SABB Takaful Company shareholders' register during a period no less than the second and no more than the sixth trading periods after the Effectiveness of the Merger Transaction Decision. All Assets and Liabilities of SABB Takaful Company shall be transferred to Walaa Insurance Company and Walaa Insurance Company shall continue to exist. However, SABB Takaful Company shall cease to exist, all its shares shall be canceled, it shall be deregistered and all issued licenses shall be canceled. Walaa Insurance Company shall also announce timely the completion of the Merger Transaction.

## 2.12 Management and Employees

The human resources policy of Walaa Insurance Company focus on the optimal selection, training, and development of abilities of and retainment of employees, providing fair treatment and equal opportunities in an appropriate work environment, which allows all employees to progress in their positions and careers. This policy contributes in the productivity and effectiveness of work, thus reflecting positively on the business of Walaa Insurance Company and achieving better proceeds for the shareholders.

After completing the Merger Transaction, Walaa Insurance Company intends to present its future plans in relation to human resources and those to be transferred from SABB Takaful Company. This plan shall be discussed with the management of SABB Takaful Company and its points of view shall be shared to avail all available administrative elements that are able to contribute in implementing the Merging Company's plans. In this regard, Walaa Insurance Company shall present job offers according to its employment policy and conditions after coordination with the relevant regulatory bodies.

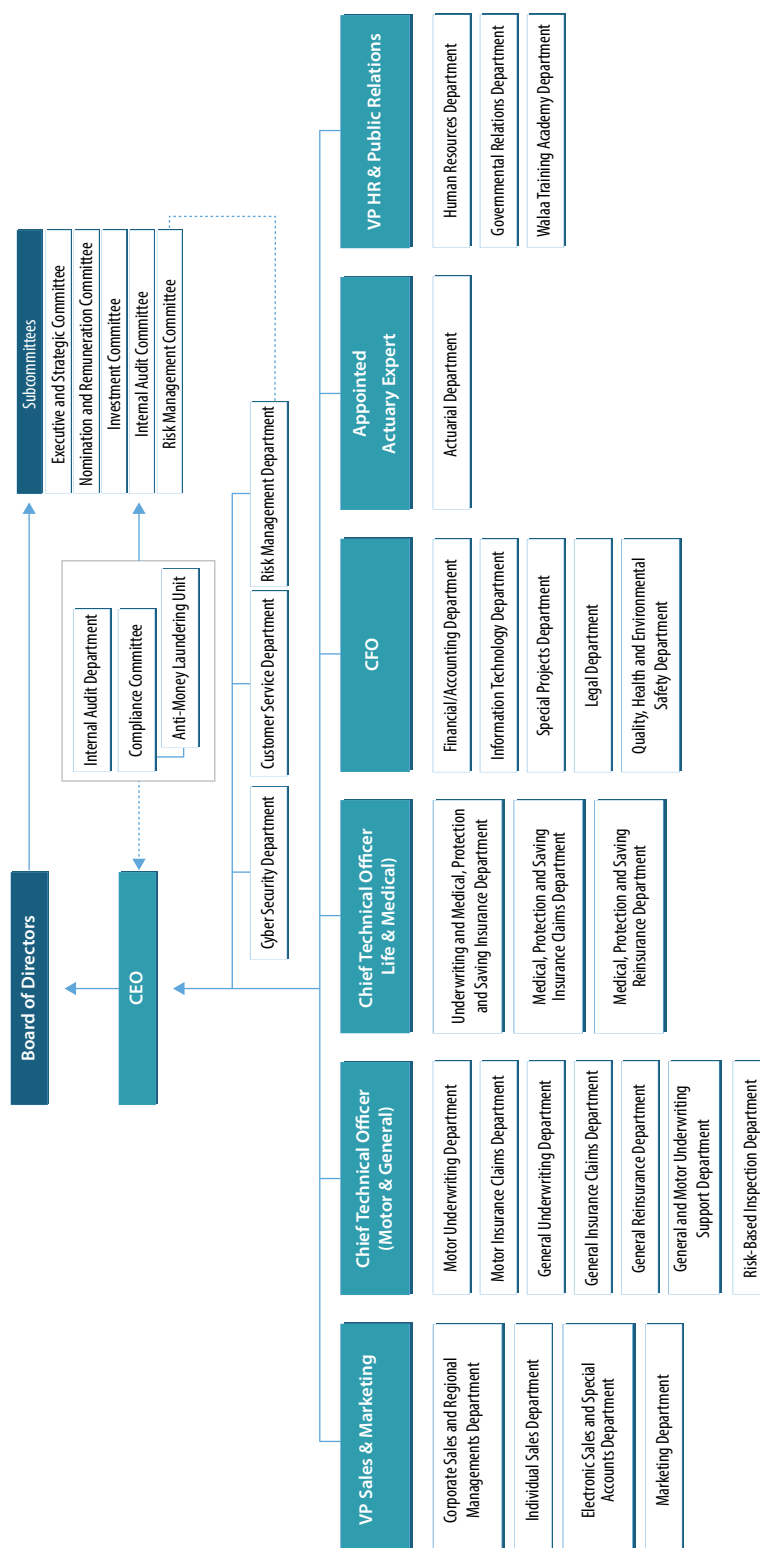
## 2.13 Arrangements or Special Conditions

There are no agreements, arrangements or understandings, including any consideration arrangement (of any nature whatsoever), between Walaa Insurance Company (or any person acting on its behalf or in agreement with it) and any Board of Directors Members of SABB Takaful Company, its current shareholders or any person who was its Board of Directors Member or shareholder during the twelve months preceding the date of publishing this Document.

## 2.14 Confirmation of Cash Sufficiency

The whole value of consideration shall be paid by issuing shares for SABB Takaful Company shareholders. Therefore, no consideration or any part of the same shall be paid in cash. For more details, please see Section 2.4 ("Walaa Insurance Company and SABB Takaful Company Assessment") of this Document.

## 2.15 Organizational Structure of Walaa Insurance Company in case of Completion of the Merger Transaction



It is worth noting that Walaa Insurance Company did not impose the organizational structure of Walaa Insurance Company in case of completion of the Merger Transaction as on the date of this Document. The said organizational structure is the current organizational structure of Walaa Insurance Company.

# 3

## Financial Information

### 3.1 Closing Price of Share

The following table (3-1) details the closing price of Walaa Insurance Company shares on the first trading day of each month of the six months preceding the publication date of this Document, the last trading day prior to announcing the stated intention and the last available date prior to publishing this Document as follows:

Date	Closing Price (In Saudi riyals)
14/08/2022G (last trading day prior to publishing the Offer Document)	15.72
01/08/2022G	14.96
01/06/2022G	15.88
08/05/2022G	17.94
03/04/2022G	17.00
01/03/2022G	17.68
23/02/2022G (last trading day prior to the date of completing the Merger Agreement)	17.90

Source: Saudi Stock Exchange

The following table (3-2) details the closing price of SABB Takaful Company shares on the first trading day of each month of the six months preceding the publication date of this Document, the last trading day prior to announcing the stated intention and the last available date prior to publishing this Document as follows:

Date	Closing Price (In Saudi riyals)
14/08/2022G (last trading day prior to publishing the Offer Document)	17.08
01/08/2022G	17.22
03/07/2022G	16.50
01/06/2022G	18.96
08/05/2022G	20.76
03/04/2022G	21.66
01/03/2022G	27.80
23/02/2022G (last trading day prior to the date of completing the Merger Agreement)	27.55

Source: Saudi Stock Exchange

### 3.2 Distributions and Dividends

The Considerations Shares to be issued for SABB Takaful Company shareholders, in case of completion of the Merger Transaction, are ordinary shares similar to the currently issued shares for the shareholders of Walaa Insurance Company, and equal in value and classification in rights. There shall be no priority or preferential voting rights for current shareholders in Walaa Insurance Company compared to the shareholders of SABB Takaful Company, for whom new shares shall be issued. Therefore, the said Consideration Shares entitle their holders, as of listing, the right to receive any profits due as of the issuance of consideration shares according to profits policy of Walaa Insurance Company as set in the Baylaw of Walaa Insurance Company guided by the remaining shareholders in Walaa Insurance Company In this regard, Article (46) of the Baylaw of Walaa Insurance Company prescribes that "Shareholders shall be entitled to their share of profits pursuant to the General Assembly resolution adopted in this regard. Such resolution shall specify the entitlement date and distribution date". The entitlement to profits shall be given to the owners of shares registered in shareholders' register by the end of the

day set for maturity. Walaa Insurance Company shall inform without delay, of any resolutions to distribute the profits or recommend the same and pay the profits to be distributed among the shareholders at the place and dates specified by the Board of Directors of Walaa Insurance Company according to the instructions issued by the competent body subject to the prior written approval of Saudi Central Bank. Article (45) of the Baylaw of Walaa Insurance Company prescribes that "The Company shall: (1) set aside the Zakat and statutory income tax allocations, (2) (20%) of the net profits shall be set aside to form a statutory reserve. Such setting aside may be discontinued by the Ordinary General Assembly when said reserve reaches (100%) of the paid-up capital, and (3) The Ordinary General Meeting, when determining the dividend portion in the net profits, may decide to create other reserves to the extent that serves the interest of the Company or ensures the distribution of fixed profits as possible to the Shareholders. It is worth noting that the last cash profits were distributed by Walaa Insurance Company among the shareholders of Walaa Insurance Company on 07/10/1440H (corresponding to 10/06/2019G).

### 3.3 Effect of Offer Expiry

If the Merger Transaction is unconfirmed by Walaa Insurance Company and/or SABB Takaful Company during the Extraordinary General Assembly of the Companies, each separately (including any later date to convene the Extraordinary General Assembly, which cannot be extended thereafter), the current Offer shall be considered expired and there shall be no possibility to accept the same later; or In case the Merger Agreement is terminated according to its provisions prior to the date of convening the Extraordinary General Assembly of SABB Takaful Company in relation to the Merger Transaction, the shareholders of SABB Takaful Company shall be unentitled to accept the Offer and Walaa Insurance Company nor its shareholders shall be bound to proceed with the Offer based on any prior approval issued by them.



# 4

## Information about Walaa Insurance Company

### 4.1 Background Information

#### Incorporation

Walaa Insurance Company is a Saudi joint-stock company, incorporated in Al Khobar, KSA, under Council of Ministers Resolution No. (233) dated 16/09/1427H (corresponding to 09/10/2006G), under Royal Decree No. (M/60) dated 18/09/1427H (corresponding to 11/10/2006G) and commercial registration No. (2051034982) issued at Al Khobar on 19/06/1428H (corresponding to 04/07/2007G). The current headquarter of Walaa Insurance Company is located at Adel Khashoggi bldg., Custodian of The Two Holy Mosques Rd., P.O. Box: 31616 Al Khobar 31952, KSA. The main licensed activities of Walaa Insurance Company are insurance works in protection and saving insurance, health insurance, general insurance and reinsurance in the KSA under the license issued by Saudi Central Bank under No. (VMN/20087/16).

Pursuant to the Baylaw of Walaa Insurance Company, it may undertake all activities necessary to practice cooperative insurance, related activities and fund investment. Its main activities include motor insurance, medical insurance, marine insurance, property insurance, engineering insurance, casualty insurance and protection and saving insurance.

The capital of Walaa Insurance Company is (646,397,060) Saudi riyals, divided into (64,639,706) ordinary shares in a nominal value of (10) ten Saudi riyals each. All these shares are fully paid and listed in Saudi Stock Exchange. The employees working at Walaa Insurance Company as on 12/07/1443H (corresponding to 13/02/2022G) are roughly (482). The shareholders in Walaa Insurance Company as on 06/11/1443H (corresponding to 05/06/2022G) are (37,130). Substantial shareholders in Walaa Insurance Company are represented in American Life Insurance Company, which directly owns (3,551,911) shares of Walaa Insurance Company at (5.49%) of the capital of Walaa Insurance Company prior to the Capital Increase (and does not own any indirect equity in Walaa Insurance Company) The direct equity of American Life Insurance Company shall be reduced from (5.49%) to (4.18%) of the capital of Walaa Insurance Company after the Capital Increase. Therefore, it shall not be a substantial shareholder in Walaa Insurance Company after the Capital Increase of Walaa Insurance Company and its equity shall be calculated within the equity of public. Additionally, ANB directly owns (3,545,146) shares of Walaa Insurance Company at (5.48%) of the capital of Walaa Insurance Company prior to the Capital Increase (and does not own any indirect equity in Walaa Insurance Company) The direct equity of ANB shall be reduced from (5.48%) to (4.17%) of the capital of Walaa Insurance Company after the Capital Increase. Therefore, it shall not be a substantial shareholder in Walaa Insurance Company after the Capital Increase of Walaa Insurance Company and its equity shall be calculated within the equity of public. The direct equity of Board of Directors Members and Senior Executives of Walaa Insurance Company is (4.69%) of the capital of Walaa Insurance Company prior to the Capital Increase. The direct equity of Board of Directors Members and Senior Executives of Walaa Insurance Company shall be reduced from (4.69%) to (3.56%) of the capital of Walaa Insurance Company after the Capital Increase. The direct equity of the shareholders, excluding the public (does not include substantial shareholders, Board of Directors Members and Senior Executives), of Walaa Insurance Company is (1.23%) of the capital of Walaa Insurance Company prior to the Capital Increase. The direct equity of the shareholders, excluding the public (does not include substantial shareholders, Board of Directors Members and Senior Executives), of Walaa Insurance Company shall be reduced from (1.23%) to (0.93%) of the capital of Walaa Insurance Company after the Capital Increase. The equity of the public of Walaa Insurance Company is (83.11%) of the capital of Walaa Insurance Company prior to the Capital Increase. The equity of the public shall be reduced from (83.11%) to (79.90%) of the capital of Walaa Insurance Company after the Capital Increase.

#### Financial Year and Auditors

The financial year of Walaa Insurance Company shall commence on January 31<sup>st</sup> and expire on December 31<sup>st</sup> of the same year of each Gregorian year. The General Assembly of Walaa Insurance Company has appointed Al-Azem, Al-Sudairy, Al-Shaikh & Partners CPA's & Consultants and Moore El Sayed El Ayouty & Co. Certified Public Accountants as auditors.

## Structure of Capital and Shareholders

The capital of Walaa Insurance Company is (646,397,060) Saudi riyals, divided into (64,639,706) ordinary shares in a nominal value of (10) ten Saudi riyals per one share. The following table (1.4) details the structure of equity of Walaa Insurance Company prior to the Capital Increase as on 06/11/1443H (corresponding to 05/06/2022G):

Shareholder	Prior to Increase of Capital - Walaa Insurance Company	
	Number of Shares	Direct Equity (%)
American Life Insurance Company	3,551,911	5.49%
Arab National Bank (ANB)	3,545,146	5.48%
Board of Directors Members and Senior Executives of Walaa Insurance Company (direct)	4,080,388	4.69%
Walaa Insurance Company shareholders out of the public (exclusive of substantial shareholders, Board of Directors Members and Senior Executives) (direct)	1,919,993	1.32%
The public	51,542,268	83.11%
<b>Total</b>	<b>64,639,706</b>	<b>100%</b>

Source: Walaa Insurance Company

## 4.2 Most Historical Events

The following table (4.2) explains the most historical events witnessed by Walaa Insurance Company since its incorporation to date:

Event	Date
License to incorporate Walaa Insurance Company under Council of Ministers Resolution No. 233/S dated 16/09/1427H (corresponding to 09/10/2006G).	16/09/1427H (corresponding to 09/10/2006G)
Issuance of Royal Decree No. M/60 on the incorporation of Walaa Insurance Company	18/09/1427H (corresponding to 11/10/2006G)
Founding shareholders subscribed in (8,000,000) eight million shares of the total shares of Walaa Insurance Company, i.e., at 40%. The remaining shares of (12,000,000) twelve million shares equal in value were offered for public subscription, i.e., at 60% in a nominal value of (10) ten Saudi riyals each.	27/02/1428H (corresponding to 17/03/2007G)
The shares of Walaa Insurance Company are listed in Saudi Stock Exchange.	03/07/1428H (corresponding to 17/07/2007G)
Walaa Insurance Company obtained authorized from Saudi Central Bank under No. (VMN/16/20087) to practice the business of insurance and reinsurance according to the provisions of the Cooperative Insurance Companies Control Law and its Executive Regulations.	28/06/1429H (corresponding to 03/08/2008G)
Increase of the capital of Walaa Insurance Company through the issuance of preference shares of (20,000,000) twenty million shares in a nominal value of (10) ten Saudi riyals each. Hence, the capital of Walaa Insurance Company became (400,000,000) four hundred million Saudi riyals.	26/06/1435H (corresponding to 24/04/2014G)
Increase of the capital of Walaa Insurance Company through the issuance of bonus shares of (4,000,000) twenty million shares in a nominal value of ten (10) Saudi riyals each. Hence, the capital of Walaa Insurance Company became (440,000,000) four hundred forty million Saudi riyals.	10/02/1439H (corresponding to 30/10/2007G)
Increase of the capital of Walaa Insurance Company through the issuance of bonus shares of (8,800,000) eight million eight hundred thousand shares in a nominal value of (10) Ten Saudi riyals each. Hence, the capital of Walaa Insurance Company became (528,000,000) five hundred twenty-eight million Saudi riyals.	17/09/1440H (corresponding to 22/05/2019G)
Increase the capital of Walaa Insurance Company through the issuance of shares of (11,839,706) eleven million eight hundred thirty-nine thousand seven hundred six in a nominal value of (10) ten Saudi riyals each for the shareholders of MetLife AIG Alarabi against the merger of MetLife AIG Alarabi into Walaa Insurance Company and transfer of all assets and liabilities of MetLife AIG Alarabi to Walaa Insurance Company Hence, the capital of Walaa Insurance Company became (646,397,060) six hundred forty-six million three hundred ninety-seven thousand sixty Saudi riyals.	06/07/1441H (corresponding to 01/03/2020G)

### 4.3 Vision

Walaa Insurance Company is aspiring to provide the customers with high quality insurance products and services with proper prices, and to be one of the best companies in insurance as to the provided services and products as well as professional dealing with customers, shareholders and all parties in its work group at equal level. Walaa Insurance Company seeks to implement work plans appropriate with the volume of Saudi insurance market that is centered around the level of service rendered to clients, and search for new products that fulfills their needs and satisfy their aspirations.

### 4.4 Message

- To work to support the capital and increase profitability;
- To be one of the best companies working in insurance in the KSA;
- To achieve the highest level of efficiency and good management of operations; and
- To gain the customers' satisfaction through constant care of customer service.

### 4.5 Competitive Benefits

- Walaa Insurance Company has a professional management and work team capable of leading business and implementing strategies of Walaa Insurance Company
- Walaa Insurance Company has interconnected information systems and has gained several high-quality certificates (ISO), which facilitate the process of serving customers and contributes in the business streamlining of Walaa Insurance Company
- Walaa Insurance Company provides different insurance products: Motor insurance, medical insurance, protection and saving insurance, general insurance, engineering insurance, casualty and liability insurance, property insurance, marine insurance, protection and saving insurance, energy insurance, aviation insurance, extended warranty insurance and other products.
- Walaa Insurance Company services all categories of customers, such as individuals, micro, small, medium and large-sized enterprises.
- Walaa Insurance Company has license to practice insurance and reinsurance, and provides reinsurance for several insurance contracts in the KSA.
- Walaa Insurance Company owns more than 60 branches within the KSA in more than 40 different cities in all regions of the KSA.
- Walaa Insurance Company recently achieved a Saudization level at (78.21%) as on 23/07/1443H (corresponding to 24/02/2022G). The Saudization level in the insurance sector reached as a whole 77% according to the report of the Saudi Central Bank for the general insurance sector in 2021G.

### 4.6 Strategy

Walaa Insurance Company has devised a strategy that enables it from realizing its message and vision. It aims to be one of the leading companies in the provision of cooperative insurance services in the KSA. The strategy of Walaa Insurance Company includes the following items:

- Walaa Insurance Company seeks to reduce reliance on reinsurers gradually by supporting and strengthening the solvency and capital of Walaa Insurance Company
- Walaa Insurance Company seeks to develop the human resources management through competent qualification and training, and achieving high levels of Saudization through Walaa Training Academy program.
- Walaa Insurance Company depends on general insurance products, including medical insurance and motor insurance, and has diverse insurance portfolio of the remaining insurance products as detailed in table (3.4) below.
- Walaa Insurance Company devised and developed strategic operational plans that respond to the faced changes and challenges to benefit from the available opportunities and to face the threats presented in the insurance sector.
- Walaa Insurance Company continuously review the risk transfer mechanism by contracting with competent reinsurers with high credit rating in conformity with the requirements of Saudi Central Bank.

- Walaa Insurance Company manages and distributes risks by varying its business portfolio.
- Walaa Insurance Company implements sound management of the investment policies and internal and external sources of Walaa Insurance Company, and reduces expenses and costs to realize the best proceeds and profits.

## 4.7 Sales

The detailed table (4.3) below explains an analysis of the sales of Walaa Insurance Company according to insurance products:

	Premiums written according to insurance products	Financial year ended on December 31 (In thousands Saudi riyals)			Percentage of gross premiums written
		2018G	2019G	2020G	2020G
1	(Motor) insurance	612,213	622,253	699,412	47%
2	(Property and casualty) insurance	397,176	496,772	641,496	44%
3	(Health) insurance	95,569	96,369	120,413	8%
4	(Protection and saving) insurance	-	-	11,382	1%
<b>Gross premiums written</b>		<b>1,104,958</b>	<b>1,215,394</b>	<b>1,472,703</b>	<b>100%</b>

Source: Walaa Insurance Company

## 4.8 Products

The detailed table (4.4) below explains the insurance products of Walaa Insurance Company, for which the latter received a final approval from Saudi Central Bank:

No.	Name of Insurance Product	Description of Insurance Product	Date of Approval (Gregorian)
1	Increased value and additional benefits insurance	Protection and saving	22/04/2017G
2	Value protection and additional benefits insurance	Protection and saving	22/04/2017G
3	Level term life insurance	Protection and saving	05/09/2016G
4	InstaProtect insurance	Protection and saving	09/09/2016G
5	Circles insurance	General	11/11/2015G
6	Credit life insurance	Protection and saving	15/11/2015G
7	Group life insurance	Protection and saving	08/11/2014G
8	Group personal accident insurance (additional insurance)	Casualties and liability	05/09/2018G
9	Contractors' All Risk (CAR) insurance	Casualties and liability	17/01/2009G
10	Medical insurance	Medical	28/04/2009G
11	Group personal accident insurance	Other general insurances	02/04/2012G
12	Medical malpractice insurance	Other general insurances	24/07/2010G
13	Money insurance	Other general insurances	01/03/2012G
14	Contractors' All Risk (CAR) insurance	Engineering	27/03/2013G
15	Contractors' plant and machinery insurance	Engineering	27/03/2013G
16	Deterioration of stock in cold storage following machinery breakdown	Engineering	27/03/2013G
17	Installation all risk insurance	Engineering	27/03/2013G
18	Loss of profit following machinery breakdown	Engineering	27/03/2013G
19	Machinery breakdown insurance	Engineering	27/03/2013G

No.	Name of Insurance Product	Description of Insurance Product	Date of Approval (Gregorian)
20	Comprehensive motor insurance - companies	Motor	31/03/2013G
21	Comprehensive motor insurance - individuals	Motor	31/03/2013G
22	Third party motor insurance	Motor	31/03/2013G
23	Directors and officers (D&O) liability insurance	Casualties and liability	24/03/2016G
24	Cyber and privacy insurance	Casualties and liability	16/03/2016G
25	Electronic equipment insurance (EEI)	Engineering	12/10/2016G
26	Fire and special perils insurance	Property	12/10/2016G
27	Marine insurance - open cover	Marine	12/10/2016G
28	Goods transport insurance - land	Marine	12/10/2016G
29	Marine pleasure craft insurance	Marine	12/10/2016G
30	Architects and engineers' professional liability insurance	Casualties and liability	12/10/2016G
31	All-risk property insurance	Property	12/10/2016G
32	Home insurance	Property	12/10/2016G
33	Fidelity guarantee insurance	Other general insurances	24/11/2016G
34	Loss of profit insurance	Protection and saving	24/11/2016G
35	Comprehensive general liability insurance	Casualties and liability	24/11/2016G
36	Marine insurance - goods	Marine	24/11/2016G
37	Travel insurance	Casualties and liability	24/11/2016G
38	Professional risk insurance (miscellaneous)	Casualties and liability	23/02/2017G
39	Aircraft hull insurance	Aviation	23/11/2017G
40	Energy insurance	Energy	05/09/2018G
41	Extended warranty insurance	Extended warranty	05/09/2018G
42	Aviation liability insurance	Aviation	30/06/2020G
43	3D policy	Other general insurances	13/02/2016G
44	Professional risk insurance - single project	Casualties and liability	22/02/2017G
45	Financial institutions' professional indemnity	Casualties and liability	23/03/2016G
46	Pollution legal liability	Casualties and liability	22/08/2016G
47	Plastic card insurance	Other general insurances	23/03/2016G
48	Extended warranty insurance - electronic goods and appliances	Extended warranty	21/11/2016G
49	Group travel insurance	Casualties and liability	21/11/2016G
50	Travel insurance	Casualties and liability	23/03/2016G
51	Personal accident insurance	Other general insurances	28/11/2016G
52	Group money transfer risk insurance	Casualties and liability	23/03/2016G
53	Property terrorism insurance	Property	05/09/2018G
54	Commercial credit insurance	Other general insurances	28/11/2017G
55	SMEs insurance - clinics	Small and medium-sized enterprises (SMEs)	17/09/2015G
56	SMEs insurance - education	Small and medium-sized enterprises (SMEs)	17/09/2015G

No.	Name of Insurance Product	Description of Insurance Product	Date of Approval (Gregorian)
57	SMEs insurance - foods and drinks	Small and medium-sized enterprises (SMEs)	23/03/2016G
58	SMEs insurance - offices	Small and medium-sized enterprises (SMEs)	17/09/2015G
59	SMEs insurance - retail	Small and medium-sized enterprises (SMEs)	17/09/2015G
60	SMEs insurance - personal care	Small and medium-sized enterprises (SMEs)	17/09/2015G
61	Freight forwarders liability/service liability insurance	Casualties and liability	17/06/2021G
62	Event cancellation insurance and resultant liability	Property	26/07/2021G
63	COVID 19 Travel Insurance for Non-Saudis	Casualties and Liability	24/02/2022G

Source: Walaa Insurance Company

## 4.9 Reinsurance

To reduce insurance risks, ensure the stability of operations and capital sources, reduce loss risks and to contribute to the stability of profitability, Walaa Insurance Company shall reinsure part of the risks insured under the insurance operations carried out by the same. This conforms with the Executive Regulations issued by Saudi Central Bank. To reduce reinsurance concentration risks, Walaa Insurance Company developed reinsurance programs with several global recognized reinsurers. Walaa Insurance Company deals with several insurers for reinsurance activities, which credit rating is above the minimum limit as set in the Regulation of Reinsurance Activities issued by Saudi Central Bank. Here are the credit rating agencies:

Credit Rating Agency	Minimum Rating Limit
AM Best	B+
Fitch Ratings	BBB
Moody's Investor Service (Moody's)	Baa
Standard & Poor's Corporation (S&P)	BBB

The following table sets the definition of credit rating types by AM Best:

Credit rating by AM Best	
Credit rating	Definition
A++	Credit rating by AM Best that means that the entity has superior ability to meet their ongoing insurance obligations.
AAA	Credit rating by AM Best that means that the entity has exceptional ability to meet their ongoing insurance obligations.
A+	Credit rating by AM Best that means that the entity has superior ability to meet their ongoing insurance obligations.
A	Credit rating by AM Best that means that the entity has exceptional ability to meet their ongoing insurance obligations.
A-	Credit rating by AM Best that means that the entity has exceptional ability to meet their ongoing insurance obligations.
B++	Credit rating by AM Best that means that the entity's financial ability is vulnerable to adverse changes in subscription and economic conditions.
B+	Credit rating by AM Best that means that the entity's financial ability is vulnerable to adverse changes in subscription and economic conditions.

The following table sets the definition of credit rating types by Fitch Ratings:

Credit rating by Fitch Ratings	
Credit rating	Definition
AAA	This rating denotes the lowest expectation of default risk. It is assigned only in cases of exceptionally strong capacity for payment of financial commitments. This capacity is highly unlikely to be adversely affected by foreseeable events.
AA	This rating denotes expectations of very low default risk. They indicate very strong capacity for payment of financial commitments. This capacity is not significantly vulnerable to foreseeable events.
A+	This rating denotes expectations of low default risk. The capacity for payment of financial commitments is considered strong. This capacity may, nevertheless, be more vulnerable to adverse business or economic conditions than is the case for higher ratings.
BB+	This rating indicates that expectations of default risk are currently low. The capacity for payment of financial commitments is considered adequate, but adverse business or economic conditions are more likely to impair this capacity.
BBB+	This rating indicates an elevated vulnerability to default risk, particularly in the event of adverse changes in business or economic conditions over time; however, business or financial flexibility exists that supports the servicing of financial commitments.

The following table sets the definition of credit rating types by Moody's Investor Service (Moody's):

Credit rating by Moody's Investor Service (Moody's)	
Credit rating	Definition
A3	Rating by Moody's that means that the entity is considered upper medium-grade and is subject to low credit risk. It is worth noting that number (3) was added to the credit rating to show the relative standing in credit rating categories, where number (3) indicates the minimum limit in group "A".
Baa3	It is considered medium-grade with speculative characteristics and moderate credit risk.

The following table sets the definition of credit rating types by Standard & Poor's Corporation (S&P):

Credit rating by Standard & Poor's Corporation (S&P)	
Credit rating	Definition
AA	Credit rating by Standard & Poor's Corporation (S&P) that means that the entity has very strong capacity to meet financial commitments. It is worth noting that no positive (+) or negative (-) marks were added to the rating to show the relative standing in the rating category, as not adding the mark indicates the medium limit in "AA" group (very low risks)
AA-	Credit rating by Standard & Poor's Corporation (S&P) that means that the entity has very strong capacity to meet financial commitments. It is worth noting that a negative (-) mark was added to the rating to show the relative standing in the rating category, as the negative mark indicates the minimum limit in "AA" group (very low risks)
A+	Credit rating by Standard & Poor's Corporation (S&P) that means that the entity has strong capacity to meet financial commitments, but somewhat susceptible to adverse economic conditions. It is worth noting that a positive (+) mark was added to the rating to show the relative standing in the rating category, as the positive mark indicates the maximum limit in "A" group (low risks)
A	Credit rating by Standard & Poor's Corporation (S&P) that means that the entity has strong capacity to meet financial commitments. It is worth noting that no positive (+) or negative (-) marks were added to the rating to show the relative standing in the rating category, as not adding the mark indicates the medium limit in "A" group (low risks)
A-	Credit rating by Standard & Poor's Corporation (S&P) that means that the entity has strong capacity to meet financial commitments, but somewhat susceptible to adverse economic conditions. It is worth noting that a negative (-) mark was added to the rating to show the relative standing in the rating category, as the negative mark indicates the minimum limit in "A" group (low risks)
BBB	Credit rating by Standard & Poor's Corporation (S&P) that means that the entity has adequate capacity to meet financial commitments, but more subject to adverse economic conditions. It is worth noting that no positive (+) or negative (-) marks were added to the rating to show the relative standing in the rating category, as not adding the mark indicates the medium limit in "BBB" group (medium quality)



The credit ratings primarily indicate the strength of the reinsurer's financial position and efficiency to cover claims in addition to the quality of its services and strength of its reinsurance programs. Walaa Insurance Company deals with more than 75 reinsurers, which are rated by global credit rating agencies.

The following table indicates the reinsurers, with which Walaa Insurance Company deals, and credit rating of each reinsurer.

The following table (4.5) details the reinsurers, with which Walaa Insurance Company deals:

No.	Reinsurer	Country	Credit rating	Credit Rating Agency
1	Assicurazioni Generali	Italy	A	A.M. Best
2	DUAL Corporate Risks Limited	UK	A	A.M. Best
3	Panther Reinsurance Company Ltd.	Bermuda	Baa'	Moody's
4	QBE Insurance Group Ltd.	Australia	A	A.M. Best
5	Al Wataniya Insurance	KSA	A'	Moody's
6	Singapore Reinsurance Corp Ltd	Singapore	A-	A.M. Best
7	Zurich Insurance Group	Switzerland	A+	A.M. Best
8	National General Insurance	USA	A+	A.M. Best
9	Orient Insurance P.J.S.C.	UAE	BBB+	Fitch
10	Samsung Fire & Marine Insurance Co., Ltd.	South Korea	A++	A.M. Best
11	Sompo America Insurance Company	UK	A+	A.M. Best
12	Transatlantic Reinsurance Company	USA	A+	S&P
13	Liberty Insurance Underwriters, Inc.	UK	A	A.M. Best
14	Misr Insurance	Egypt	AA	Fitch
15	Mitsui Sumitomo Insurance Company, Limited	USA	A+	S&P
16	MAPFRE RE	Jordan	A+	A.M. Best
17	SCR	Tunisia	B++	A.M. Best
18	Stellar Insurance, Ltd.	UK	A	A.M. Best
19	SCR	Switzerland	AAA	Fitch
20	TT Club Mutual Insurance Limited	UK	A-	A.M. Best
21	Volante Group	UK	AA	S&P
22	WAICA Reinsurance Corporation PLC	Kenya	B+	A.M. Best
23	Qatar General Insurance & Reinsurance Co.	Qatar	A-	A.M. Best
24	SCOR Insurance (UK) Limited	UK	AA-	S&P
25	MENA RE Underwriters Ltd.	UAE	A-	S&P
26	Tunisian Confidence Company (Tunisia Reinsurance)	Tunisia	AA	Fitch
27	Tokio Marine Insurance	UK	A	A.M. Best
28	STARR International Company	Singapore	A	A.M. Best
29	Newline Insurance Company	UK	A	S&P
30	New India Assurance Co. Ltd.	India	B++	A.M. Best
31	Swiss Reinsurance Company Ltd	UK	A+	A.M. Best
32	Oman Insurance Company	UAE	A	A.M. Best
33	MS Amlin Underwriting Limited	UK	A	A.M. Best
34	Starr International Insurance Pte Ltd	Singapore	A	A.M. Best

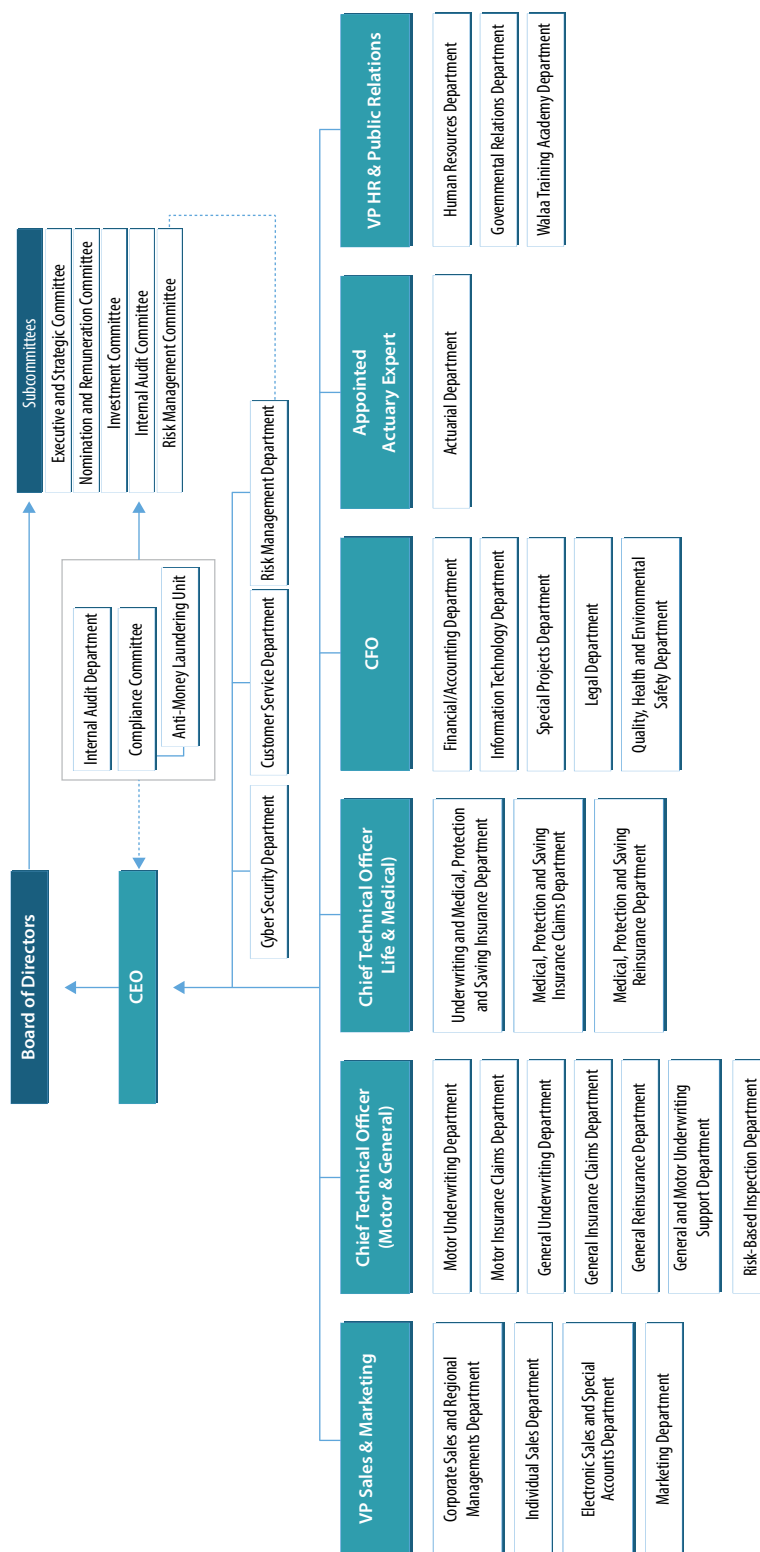
No.	Reinsurer	Country	Credit rating	Credit Rating Agency
35	Ocean International Re Limited	UK	A-	A.M. Best
36	Saudi Reinsurance Company	KSA	A'	Moody's
37	SABB Takaful Company	KSA	Local	Local
38	Royal & Sun Alliance Insurance Limited	UK	A	S&P
39	Starr International Insurance (Singapore) Pte Ltd	Singapore	A	A.M. Best
40	RSA Insurance	UK	A	S&P
41	Sinopec Insurance Ltd	UK	A-	S&P
42	SMA Insurance Services	USA	A+	Fitch
43	Company for Cooperative Insurance (Tawuniya)	KSA	A	S&P
44	Hannover Re	Germany	A+	A.M. Best
45	Beazley Insurance DAC	UK	A+	A.M. Best
46	HCC International Insurance Company PLC	UK	A+	S&P
47	AXA Reinsurance	UK	AA-	S&P
48	SCR	UK	A	A.M. Best
49	HDFC International Life and Re Company Limited	India	AAA	A.M. Best
50	C.V. Starr & Co., Inc.	USA	A	A.M. Best
51	Helvetia Insurance	UK	A	S&P
52	Kuwait Reinsurance Company K.S.C.P.	Kuwait	A-	A.M. Best
53	American International Group, Inc. (AIG)	UK	A	A.M. Best
54	Chubb Life Insurance Company	UAE	A++	A.M. Best
55	Central Reinsurance Corporation	France	A	S&P
56	Dubai Insurance Company (P.S.C.)	UAE	A-	A.M. Best
57	Convex Insurance UK Limited	UK	A-	A.M. Best
58	Lloyd's Syndicate	UK	A	A.M. Best
59	International General Insurance Company Ltd	UAE	A-	A.M. Best
60	Munich Reinsurance Company	Germany	A+	A.M. Best
61	Markel International Insurance Co Ltd	UK	A	S&P
62	Mosaic Insurance Alliance, LLC	USA	A	A.M. Best
63	Antra Reinsurance Company	UK	A	S&P
64	Allianz Global Insurance Company	UK	A	A.M. Best
65	Arma Underwriting Ltd.	UAE	A	A.M. Best
66	Barents Re Reinsurance Company, Inc.	UK	A	A.M. Best
67	Al Ain Ahlia Insurance Co.	UAE	A'	Moody's
68	Kenya Reinsurance Corporation Limited	Kenya	B+	A.M. Best
69	AlKhaleej Takaful Insurance	Qatar	BBB	S&P
70	Religion Unit Insurance Company	UK	A	S&P
71	Al Dhafra Insurance Company	UAE	B++	A.M. Best
72	Active Re (Active Capital Reinsurance, Ltd)	UK	A-	A.M. Best
73	AXA Insurance	UK	A+	A.M. Best

No.	Reinsurer	Country	Credit rating	Credit Rating Agency
74	AXIS Specialty Insurance Company Ltd	UK	A+	Fitch
75	GR Risk Partners Limited (GRRP)	UAE	A++	A.M. Best
76	Damana Leading Regional Insurance Company	Bahrain	B++	A.M. Best
77	Korean Reinsurance Company	South Korea	A	A.M. Best
78	Connect Insurance & Reinsurance Company Ltd (Connect Re)	UK	A-	A.M. Best
79	Hamilton Managing General Agency Ltd	UAE	A-	A.M. Best
80	United International Insurance Company	Canada	A	A.M. Best
81	Al Ahleia Insurance Co. S.A.K.P.	Kuwait	A-	S&P
82	Berkshire Hathaway International Insurance	UK	A++	A.M. Best
83	ArgoGlobal Underwriting (Dubai) Limited	UAE	A	A.M. Best
84	CNA Insurance Company Limited	UK	A+	A.M. Best
85	African Reinsurance Corporation	South Africa	A+	A.M. Best
86	Agora Underwriting	UK	A+	S&P
87	Canopus Reinsurance Limited	UK	A-	A.M. Best
88	AIG MEA Limited	UK	A	A.M. Best
89	India International Insurance Private Limited	Singapore	A-	S&P
90	Emirates Insurance Company	UAE	A-	A.M. Best

Source: Walaa Insurance Company

## 4.10 Current Organizational Structure of Walaa Insurance Company

The following table details the organizational structure of Walaa Insurance Company (prior to completing the Merger Transaction):



Source: Walaa Insurance Company

## 4.11 Board of Directors Members

The Board of Directors of Walaa Insurance Company is composed of the (11) members as on the date of publishing this Document as follows:

	Name	Position	Representation
1	Mr. Sulaiman A. Al-Kadi	Chairman	Non-Executive
2	Mr. Khalifa A. Al Mulhem	Vice-Chairman	Non-Executive
3	Mr. Solaiman A. Al Twaijri	Board of Directors Member	Non-Executive
4	Mr. Wasef Salem Al Jebshah	Board of Directors Member	Non-Executive
5	Mr. Waleed M. Al Jafaari	Board of Directors Member	Non-Executive
6	Mr. Jameel A. Al Molhem	Board of Directors Member	Non-Executive
7	Mr. Hesham A. Al Jabr	Board of Directors Member	Non-Executive
8	Mr. Abdullatif Khalifa Almulhiem	Board of Directors Member	Non-Executive
9	Mr. Osama Mirza Al Khunaizi	Board of Directors Member	Independent
10	Mr. Hatem F. Balghoneim	Board of Directors Member	Independent
11	Mr. Abdulaziz Saud AlShabeebi	Board of Directors Member	Independent

Source: Walaa Insurance Company

## 5

## Additional Information

### 5.1 Details of responsibility regarding the content of this Offer

The Board of Directors Members of Walaa Insurance Company, whose names indicated in Section 4.11 of this Document, are responsible for all information mentioned in this Document, except for the information provided by SABB Takaful Company. The information, for which Board of Directors Members of Walaa Insurance Company are responsible, were listed in this Document based on the information provided by the management of SABB Takaful Company (after conducting reasonable and possible investigations to ensure its correctness and accuracy). The Board of Directors Members of Walaa Insurance Company believe that this information is conforming with the facts and are not neglecting any part that might affect the accuracy and importance of these information.

### 5.2 Statement of equity and transactions in the shares of Walaa Insurance Company

As on 23/07/1443H (corresponding to 24/02/2022G), neither does Walaa Insurance Company nor any Board of Directors Members nor the persons acting in concert with Walaa Insurance Company (according to the definition of "Acting in Concert" set in the Merger and Acquisition Regulations) own any direct or indirect shares in SABB Takaful Company.

The following table explains the details of equity in Walaa Insurance Company by each of the Board of Directors Members and Senior Executives of Walaa Insurance Company prior to the Capital Increase as on 06/11/1443H (corresponding to 05/06/2022G):

	Name	Position	Number of Shares (Directly Owned)	Direct Equity	Indirect Equity	Total equity
1	Mr. Sulaiman A. Al-Kadi	Chairman	2,719	0.004%	N/A	0.004%
2	Mr. Khalifa A. Al Mulhem*	Vice-Chairman	1,351,729	2.09%	2.60%	4.69%
3	Mr. Solaiman A. Al Twaijri	Board of Directors Member		N/A		
4	Mr. Wasef Salem Al Jebshah	Board of Directors Member		N/A		
5	Mr. Waleed M. Al Jafaari	Board of Directors Member	633,600	0.98%	N/A	0.98%
6	Mr. Jameel A. Al Molhem	Board of Directors Member	1,200	0.002%	N/A	0.002%
7	Mr. Hesham A. Al Jabr**	Board of Directors Member	N/A		0.005%	0.005%
8	Mr. Abdullatif Khalifa Almulhiem***	Board of Directors Member	1,010,949	1.56%	2.83%	4.40%
9	Mr. Hatem F. Balghoneim****	Board of Directors Member	4,224	0.007%	0.18%	0.19%

	Name	Position	Number of Shares (Directly Owned)	Direct Equity	Indirect Equity	Total equity
10	Mr. Abdulaziz Saud AlShabeebi	Board of Directors Member			N/A	
11	Mr. Osama Mirza Al Khunaizi	Board of Directors Member	1,000	0.002%	N/A	0.002%
12	Johnson Varughese	CEO	25,000	0.04%	N/A	0.04%
<b>Total – Board of Directors Members</b>			<b>3,005,421</b>	<b>4.65%</b>	<b>N/A</b>	
<b>Total - Senior Executives</b>			<b>25,000</b>	<b>0.04%</b>	<b>N/A</b>	
<b>Total – Board of Directors Members and Senior Executives</b>			<b>3,030,421</b>	<b>4.69%</b>	<b>N/A</b>	

Source: Walaa Insurance Company

<sup>\*</sup>Indirect equity of Khalifa A. Al Mulhem is resulted from his direct and indirect equity in Khalifa A. Al Mulhem Company Limited and direct equity of Mohammed Khalifa Al Mulhem and Abdulaziz Khalifa Al Mulhem (sons of Khalifa A. Al Mulhem).

<sup>\*\*</sup>Indirect equity of Hesham A. Al Jabr is resulted from the direct equity of Abdullatif H. Al Jabr (father of Hesham A. Al Jabr).

<sup>\*\*\*</sup>Indirect equity of Abdullatif Khalifa Al Mulhem is resulted from his direct equity in Khalifa A. Al Mulhem Company Limited, direct equity of Khalifa A. Al Mulhem (father of Abdullatif Khalifa Al Mulhem) and direct equity of Khalifa A. Al Mulhem in Khalifa A. Al Mulhem Company Limited.

<sup>\*\*\*\*</sup>Indirect equity of Hatem F. Balghoneim is resulted from the direct equity of Fahd Sulieman Mohammed Balghoneim (father of Hatem F. Balghoneim), direct equity of Dina Abdellah Al Geaid (wife of Hatem F. Balghoneim)

## 5.3 Statement of equity and transactions in the shares of SABB Takaful Company

As on 23/07/1443H (corresponding to 24/02/2022G), neither does SABB Takaful Company nor any Board of Directors Members nor the persons acting in concert with SABB Takaful Company (according to the definition of “Acting in Concert” set in the Merger and Acquisition Regulations) own any direct or indirect shares in Walaa Insurance Company Here are the shares owned by the Board of Directors Members of SABB Takaful Company and Senior Executives in the capital of SABB Takaful Company:

	Name	Position	Number of Shares (Directly Owned)	Direct Equity	Indirect Equity	Total equity
1	Mr. Mohammad Al Shayea	Chairman			N/A	
2	Mr. Yasser Al Barrak	Board of Directors Member			N/A	
3	Mr. Feras Aba Alkhail	Board of Directors Member			N/A	
4	Mr. Faris Al Shareef	Board of Directors Member			N/A	
5	Mr. Ayman Al Taweel	Board of Directors Member			N/A	
6	Mr. Salman Ahmed	Board of Directors Member			N/A	
7	Mr. Mohamed Abdul Ramhan Al Mousa	Board of Directors Member			N/A	
<b>Total – Board of Directors Members</b>				<b>N/A</b>		
<b>Total - Senior Executives</b>				<b>N/A</b>		
<b>Total – Board of Directors Members and Administrators</b>				<b>N/A</b>		

Source: SABB Takaful Company

There are no equities or controlling shares for Walaa Insurance Company in SABB Takaful Company nor any controlling interests in SABB Takaful Company, which any Board of Directors Members in Walaa Insurance Company shall have interest in, own or be controlled by persons acting in concert with Walaa Insurance Company or persons adhered to accept the current Offer irrevocably prior to publishing the current Offer Document.

Moreover, no Board of Directors Members, whose names are mentioned above and are required to disclose their equity according to Article (38) of the Merger and Acquisition Regulations, have dealt in the shares of Walaa Insurance Company Shares and SABB Takaful Company during the previous twelve months and till the date preceding the publication of this Document.



Additionally, there are no arrangements made for the payment of any compensation regarding the shares of SABB Takaful Company by Walaa Insurance Company, SABB Takaful Company or any other person acting in concert with Walaa Insurance Company or SABB Takaful Company. There are no special arrangements regarding the shares of SABB Takaful Company made by Walaa Insurance Company, SABB Takaful Company or any other person acting in concert with Walaa Insurance Company or SABB Takaful Company.

Neither did Walaa Insurance Company nor any person acting in concert with it announced any engagement or agreement that involves arrangement for compensation, option, agreement or understanding of any nature whatsoever (officially or unofficially), where it would be motive for any person to keep, deal or refrain from dealing in the shares of SABB Takaful Company.

## 5.4 Statement of share trading

Neither did Walaa Insurance Company nor any Board of Directors Members nor the persons acting in concert with it deal in the shares of SABB Takaful Company or Walaa Insurance Company during the twelve-month period preceding the Offer and till the day preceding the publication of this Document.

## 5.5 Taxes and Zakat

Walaa Insurance Company is subject to the laws and regulations of ZATCA in the KSA. Zakat and taxes are calculated according to the laws of income tax, Zakat and VAT applicable to ZATCA. Zakat and taxes are calculated on accounting accrual basis. The amounts of Zakat are calculated according to Zakat base or adjusted net income. Any difference in the estimates is recorded upon approval of the final assessment, in which the provision is settled.

## 5.6 Announcement of abidance

The Board of Directors Members of Walaa Insurance Company, whose names are set in Section 4.11 of this Document, confirm that they have complied with and abided by all required conditions as detailed in Articles (3) and (18) of the Merger and Acquisition Regulations. Here are the Articles:

### Article (3): General Provisions:

- A. Except in private transactions, an Offeror or Offeree Company must appoint their Independent Financial Advisor who shall be approved by the Authority, and an Independent Legal Advisor, who shall be authorized to practice law in Saudi Arabia. The Independent Financial Advisors of the Offeror or Offeree Company shall be the point of contact to coordinate with the Authority on behalf of the party each of them represents, in respect of the potential Acquisition or the potential Merger.
- B. Parties involved in Acquisitions or Mergers must take care that information made available for the purpose of the Acquisition or Merger are not made in a way that may mislead shareholders or Saudi Stock Exchange.
- C. In the case of an Offer, all shareholders of the same class of an Offeree Company must be treated equally by an Offeror.
- D. Any document or announcement related to an Offer or potential Offer, addressed by the Offeror, the board of the Offeree Company or their respective advisors, to shareholders, must be true, fair and not misleading.
- E. During the course of an Offer, or when an Offer is in contemplation by the Offeree Company, neither an Offeror, nor the Offeree Company, nor any of their respective advisors may furnish information to some shareholders which is not readily made available to all shareholders. This principle does not apply to the following:
- F. The furnishing of information in confidence by the Offeree Company to a bona fide potential Offeror or vice versa in the context of an Offer; or
- G. The furnishing of information in confidence by the selling shareholder and/or Offeree Company to an Offeror in the context of a Private Transaction.
- H. An Offeror should only announce an Offer after the most careful consideration in accordance with the provisions of these Regulations, and if it firmly believes that it can and will continue to be able to implement the Offer; responsibility for advising the Offeror and ensuring all reasonably steps are taken in this respect rests on the financial advisor of the Offeror.
- I. In case of a merger or acquisition by an offer to exchange securities against securities that will be listed in the exchange, the offeror shall comply with relevant provisions stated in the Capital Market Law and its implementing regulation.

- J. In case of an Offer, the Offeror and the board of directors of the Offeree Company must give sufficient information and advice to the shareholders of the Offeree Company to enable them to reach a properly informed decision to accept or reject the offer, and must have sufficient time to do so. No relevant information should be withheld from them.
- K. All persons who have access to confidential information, especially information that are price sensitive, regarding the acquisition or any similar transaction, shall deal with such information in confidential manner, and it shall not be provided to any person unless it is necessary to do so, provided that such person is aware of the importance of confidentiality. Moreover, such persons shall act in manner that eliminates the chances of a leak of the information that are price sensitive.
- L. In case the board of the Offeree Company has reason to believe that a bona fide Offer might be imminent, the board of the Offeree Company may not take any action in relation to the affairs of the company, that may cause the rejection of the offer or preventing shareholders from making a decision on it, without the approval of the shareholders convened in a general assembly.
- M. Where there are Related Parties to an Acquisition to which these Regulations apply, there must be full disclosure of the Related Party's interest in the Acquisition transaction to the affected shareholders prior to completion of that transaction. Any such transaction must be on arm's length terms.
- N. The board of an Offeree Company must always act in the best interests of its shareholders.
- O. Directors of the Offeree Company must always, in advising their shareholders, act only in their capacity as directors and not have regard to their personal shareholdings, the shareholdings through Related Parties, the shareholdings of the shareholders they represent in the board, or to their personal relationships with the Offeror or Offeree Company, as applicable, and must at all times have regard to advice given in accordance with Article 18 of these Regulations. It is the shareholders' interests taken as a whole, together with those of employees and creditors, that should be considered when the directors are giving advice to shareholders. Directors of the Offeree Company should give careful consideration before they enter into any commitment with an Offeror (or anyone else) which would restrict their freedom to advise their shareholders in the future.
- P. A shareholder who owns shares with offeror (or Merging Company) and the offeree company (or the merged company) may not vote in shareholders general assembly on decisions related to offers subject to this regulation, except in one of these companies.
- Q. A director shall not vote at a meeting of board or of its committees or a general assembly meeting on any resolution concerning an offer subject to these Regulations or any other relevant matter where the director, any relative or representative of his/her has a conflict of interest. In this context such a conflict of interest would arise if:
  - 1. The director has, directly or indirectly, an interest related to the offer or the potential offer.
  - 2. The director is a shareholder in the Offeror and at the same time he/she is a director of the Offeree Company board, or vice versa.
  - 3. The director is a director of the Offeror board and at the same time he/she is a board member of, or a manager in the Offeree Company, or vice versa.
- R. For the purposes of these Regulations, an interest of a person who is a relative or an affiliate of a director shall be treated as an interest of the director.
- S. If a person is intending to enter into an acquisition, which will result in an obligation to extend an Offer to all shareholders, he/she must, before making the Acquisition, ensure that he/she can and will continue to be able, financially and practically, to implement such an Offer.
- T. A false market must not be created where the securities value fluctuates, weather of the Offeree Company/ merged company, or the Offeror company/Merging Company or of any other company concerned by the Acquisition/Mergers or any other company concerned by the offer in such way that the rise or fall of the prices of the relevant securities becomes artificial and the normal functioning of the market is distorted.
- U. An Offeree Company activity must not be affected longer than reasonable as a consequence of an Acquisition or a Merger.

## Article (18): Independent Advice:

The board of the Offeror (if the Offeror is a listed company) and the board of the Offeree Company must obtain competent independent advice from Independent Financial Advisors, appointed in accordance with paragraph (a) of Article 3 of these Regulations, and inform their respective shareholders of the substances of such advice.

### 5.7 Effect of accepting the Offer in the capital and income generated for shareholders in the offeree company

If the Offer is fully accepted along with the approval by the shareholders of Walaa Insurance Company for the Merger Transaction, Walaa Insurance Company shall, for the purpose of Merger Transaction, issue new shares or Consideration Shares for the shareholders of SABB Takaful Company at (20,418,619) new ordinary shares representing (31.59%) of the current capital of Walaa Insurance Company. The shareholders of SABB Takaful Company shall be entitled to (24.01%) of the business and profits of the Merging Company (where the percentage of their current entitlement to the business and profits of SABB Takaful Company is (100%)). The new shares, which shall be issued for the shareholders of SABB Takaful Company and listed in Saudi Stock Exchange shall have the same rights of the shares currently issued in Walaa Insurance Company, including the voting rights, rights to dividends, repurchase rights or rights to surplus rights upon liquidation or wind up and other rights, with further reference to the fact that all issued shares and shares to be issued for the Merger Transaction in Walaa Insurance Company are of one class. No share shall entitle its holder any preferential or priority rights regardless of their type. If the Offer is accepted, the shareholders of SABB Takaful Company shall be owning (24.01%) of the Merging Company's capital. As to the income generated for the shareholders of SABB Takaful Company, the new share owners shall be entitled to receive the first payment of the dividends, which shall be announced by the Merging Company after the date of concluding the Merger Transaction. The shareholder shall be entitled to his share in the profits according to the General Assembly's resolution adopted in this regard. Such resolution shall indicate the maturity date and distribution date. The entitlement to profits shall be given to the owners of shares registered in shareholders' register by the end of the day set for maturity.

### 5.8 Effect of (fully) accepting the Offer for the purpose of control of the assets, profits and business of Walaa Insurance Company, which can be significant to conduct the correct evaluation of the Offer

If the Offer is fully accepted, the shareholders of SABB Takaful Company shall be owning (24.01%) of the Merging Company's capital and assets (whereas their current equity in the capital and assets of SABB Takaful Company is 100%). The shareholders of SABB Takaful Company shall be entitled to (24.01%) of the business and profits of the Merging Company (whereas their current entitlement to the business and profits of SABB Takaful Company is 100%).

## 5.9 Final owners of the shares of SABB Takaful Company and controlling shareholders in Walaa Insurance Company and Merging Company

The following table includes a description of the substantial shareholders of SABB Takaful Company and Walaa Insurance Company as well as the shareholdings owing or controlling 30% or more of the capital and/or the persons capable of taking decisions and directing the management of the Merging Company (after completion of the Merger Transaction):

A. SABB Takaful Company				
	Shareholders	Number of Shares	Equity	Description
1	Saudi British Bank (SAAB)	22,100,000	65.00%	Saudi British Bank (SAAB) is a Saudi joint-stock company licensed to practice banking business according to the Banking Control Law along with the laws and regulations issued by the supervisory and regulatory bodies in the KSA
B. Walaa Insurance Company				
	Shareholders	Number of Shares	Equity	Description
1	American Life Insurance Company	3,551,911	5.49%	
2	Arab National Bank (ANB)	3,545,146	5.48%	ANB extends integrated banking and financial services to its individual and corporate customers, including Sharia-compliant products. ANB Invest, which is fully owned by ANB, extends corporate finance services, asset and wealth management services and brokerage services. The main activities of ANB are retail banking, special and banking services for corporates, commercial banking services, treasury services, project finance and structured finance.
C. Merging Company (after completion of the Merger Transaction)				
There shall be no shareholders controlling 30% or more of the capital of the Merging Company or capable of taking decisions or directing the management of the Merging Company after completion of the Merger Transaction.				

Source: Walaa Insurance Company and SABB Takaful Company Assessment

Walaa Insurance Company confirms that there are no transfers of any shares to be acquired under the current Offer for other persons or parties, and there are no relevant agreements, arrangements or understandings in this regard. It is worth noting that there is no person or group of persons in Walaa Insurance Company owning or controlling 30% of the capital of SABB Takaful Company or capable of taking decisions or directing the management of the SABB Takaful Company.

## 5.10 Statement of redemption of securities of the offerer

Walaa Insurance Company did not redeem or purchase any shares in Walaa Insurance Company during the twelve-month period preceding the date of publishing this Document.

## 6

## Financial Statements of Walaa Insurance Company

The following tables summaries the performance of Walaa Insurance Company and its financial position as on September 30, 2021G:

Statement of Income - all amounts in thousands Saudi riyals	2021G	2020G
<b>Revenues</b>		
<b>Gross premiums written</b>		
- Direct	1,658,945	1,037,627
- Reinsurance	75,285	6,991
Reinsurance premiums ceded		
- Local ceded	(10,657)	(9,982)
- Foreign ceded	(876,512)	(408,449)
Excess of loss expenses	(4,330)	(12,163)
<b>Net premiums written</b>	<b>842,731</b>	<b>614,024</b>
Changes in unearned premiums	(278,353)	(31,059)
Changes in reinsurers' share of unearned premiums	182,323	3,903
<b>Net premiums earned</b>	<b>746,701</b>	<b>586,868</b>
Reinsurance commissions	45,330	31,242
Other underwriting income	1,463	10,010
<b>Total revenues</b>	<b>793,494</b>	<b>628,120</b>
<b>Underwriting costs and expenses</b>		
Gross claims paid	708,718	170,288
Surrenders and maturities	12,154	4,743
Expenses incurred related to claims	18,260	4,646
Reinsurers' share of claims paid	(119,280)	(31,762)
<b>Net claims and other benefits paid</b>	<b>619,852</b>	<b>393,823</b>
Changes in outstanding claims	239,858	84,679
Changes in reinsurers' share of outstanding claims	(180,024)	(58,643)
Changes in claims incurred but not reported	51,745	(36,099)
Changes in reinsurance share of claims incurred but not reported	(55,290)	11,863
Net claims and other benefits incurred	676,141	395,623
Additional premium reserves	(16,070)	38,938
Other technical reserves	631	(18,426)
Policy acquisition costs	42,720	34,325
Other underwriting expenses	68,074	19,744
<b>Total underwriting costs and expenses</b>	<b>771,496</b>	<b>470,204</b>

Statement of Income - all amounts in thousands Saudi riya	2021G	2020G
Net underwriting income	21,998	157,916
<b>Other operating (expenses)/income</b>		
Allowance for reversal of doubtful debts	(14,349)	(20,192)
General and administrative expenses	(111,811)	(103,207)
Commission income on deposits	17,539	10,686
Proceeds of dividends from investments	7,526	1,749
Reduction in investments	(6,765)	-
Profits realized from investments	28,823	500
Profits unrealized from investments	10,604	-
<b>Total revenues/other operating (expenses)</b>	<b>(68,433)</b>	<b>(110,464)</b>
<b>Total income/(loss) for the period before Zakat and income tax and surplus attribution</b>	<b>(46,435)</b>	<b>47,452</b>
Zakat for the period	(11,150)	(14,874)
Income tax for the period	-	(703)
<b>Total income/(loss) for the period</b>	<b>(57,585)</b>	<b>31,875</b>
<b>Total income attributed to the insurance operations</b>	<b>-</b>	<b>(4,648)</b>
<b>Net income/(loss) for the period attributable to the shareholders</b>	<b>(57,585)</b>	<b>27,227</b>
<b>Profitability/(loss) of share (in Saudi riyal per share)</b>	<b>(0.89)</b>	<b>0.44</b>
<b>Weighted average number of outstanding shares (in thousands)</b>	<b>64,640</b>	<b>64,640</b>

Statement of Financial Position - all amounts in thousands Saudi riya	2021G	2020G
<b>Assets</b>		
Cash and cash equivalent	458,853	687,297
Short-term deposits	201,659	217,274
Long-term deposits	50,000	50,000
Premiums and reinsurers' receivable - net	415,203	333,020
Reinsurers' share of unearned premiums	545,813	363,490
Reinsurers' share of outstanding claims	342,915	162,891
Reinsurers' share of claims incurred but not reported	112,990	57,700
Reinsurers' share of mathematical reserves	129,884	138,959
Deferred policy acquisition costs	32,613	25,355
Investments	746,239	515,790
Due from shareholders	19,337	86,072
Prepaid expenses and other assets	89,865	90,243
Property and equipment, net	32,732	14,240
Intangible assets, net	37,767	34,720
Goodwill	24,415	24,415
Statutory deposit	64,640	64,640
Accrued income on statutory deposit	10,597	10,114
Accrued commission income	2,001	3,882
<b>Total assets</b>	<b>3,317,523</b>	<b>2,880,102</b>

Liabilities	2021G	2020G
Policyholders claims payable	33,648	34,794
Accrued expenses and other liabilities	173,255	152,190
Reinsurers' balances payable	200,401	232,814
Unearned premiums	1,068,317	789,964
Unearned reinsurance commission	32,824	20,472
Outstanding claims	473,356	233,498
Claims incurred but not reported	222,722	170,977
Gross mathematical reserves	129,884	138,959
Additional premium reserves	9,940	26,010
Other technical reserves	9,273	8,642
Due to insurance	19,337	86,072
End-of-service indemnities	22,616	21,724
Zakat and income tax	33,101	28,864
Accrued commission income payable to Saudi Central Bank	10,597	10,114
Surplus distributed payable	9,774	9,774
<b>Total liabilities</b>	<b>2,449,045</b>	<b>1,964,868</b>

Equity	2021G	2020G
Capital	646,397	646,397
Share premium	103,277	103,277
Statutory reserve	63,327	63,327
Fair value reserve on investments available-for-sale	32,818	21,989
Retained earnings	32,719	81,304
<b>Total shareholders' equity</b>	<b>869,538</b>	<b>916,294</b>
Re-measurement reserve for end-of-service indemnities - for insurance operations	(1,060)	(1,060)
Total equity	868,478	915,234
<b>Total liabilities and equity</b>	<b>3,317,523</b>	<b>2,880,102</b>



## 7

## Available documents for inspection

There shall be copies of the available documents for inspection at the current headquarter of Walaa Insurance Company (the headquarters is located at Adel Khashoggi bldg., Custodian of The Two Holy Mosques Rd., P.O. Box: 31616 Al Khobar 31952, KSA, as of Sunday to Thursday, from 09:00 AM till 05:00 PM, except for public holidays in the KSA, as of publishing the Offer Document till the expiry of the Offer period:

- Baylaw and Articles of Association of Walaa Insurance Company and any amendments to the same (if any).
- Audited financial statements of Walaa Insurance Company for the financial years ending on December 31, 2018G, 2019G and 2020G.
- Pro-forma Financial Statements of Walaa Insurance Company for the financial year ended on December 31, 2020G for the Merger Transaction.
- The Merger Agreement concluded between Walaa Insurance Company and SABB Takaful Company (in English).
- Approval letters of the advisors of Walaa Insurance Company for using their names, logos and statements in this Document.
- Assessment report issued by the financial Advisor of Walaa Insurance Company (ALJAZIRA CAPITAL)

## 8

## Annexes

### Annex 1: Proposed to the Baylaw of Walaa Insurance Company regarding the Merger Transaction

Article prior to amendment	Article after amendment
<p><b>Article (8): Capital:</b></p> <p>The capital of the Company is set at SR 646,397,060 (Six hundred forty-six million three hundred ninety-seven thousand sixty Saudi Riyals) divided into 64,639,706 (sixty-four million six hundred thirty-nine thousand seven hundred six) shares having an equal nominal value of SR 10 (Ten Saudi Riyals) each, all being ordinary cash shares.</p>	<p><b>Article (8): Capital:</b></p> <p>The capital of the Company is set at SR 850,583,250 (Eight hundred fifty million five hundred eighty-three thousand two hundred fifty Saudi Riyals) divided into 85,058,325 (Eighty-five million fifty-eight thousand three hundred twenty-five) shares having an equal nominal value of SR 10 (Ten Saudi Riyals) each, all being ordinary cash shares.</p>

