



Offer Document

Issued by the Arab Shield Cooperative Insurance Company ("Shield Insurance Company" or the "Merging Company") and directed to the shareholders of AlAhli Takaful Company ("AlAhli Takaful Company" or the "Merged Company") in relation to the proposed Merger through a securities exchange Offer for the purpose of merging AlAhli Takaful Company in Shield Insurance Company and the transfer of all assets and liabilities of AlAhli Takaful Company to Shield Insurance Company (the "Merger Transaction" or "Transaction")

This Offer Document contains important information relating to the Merger Transaction (as defined above), and therefore you should read this Document in its entirety and carefully review all its sections, in particular the section ("Important Notice") as well as reading AlAhli Takaful Company Board Circular fully and carefully before taking any decision whether or not to vote on this Transaction. If any of the AlAhli Takaful Company shareholders has any doubt regarding the content of this Document or regarding the action he should take, he should obtain special financial advice from an independent financial advisor licensed by the Capital Market Authority.

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

This Circular was issued on 10/04/1443H (corresponding to 15/11/2021G).

Financial Advisor





الدرع العربي للتأمين
Arabian Shield Insurance



Offer Document

Issued by the Arab Shield Cooperative Insurance Company ("Shield Insurance Company" or the "Merging Company") and directed to the shareholders of AlAhli Takaful Company ("AlAhli Takaful Company" or the "Merged Company") in relation to the proposed Merger through a securities exchange Offer for the purpose of merging AlAhli Takaful Company in Shield Insurance Company and the transfer of all assets and liabilities of AlAhli Takaful Company to Shield Insurance Company (the "Merger Transaction" or "Transaction")

This Offer Document contains important information relating to the Merger Transaction (as defined above), and therefore you should read this Document in its entirety and carefully review all its sections, in particular the section ("Important Notice") as well as reading AlAhli Takaful Company Board Circular fully and carefully before taking any decision whether or not to vote on this Transaction. If any of the AlAhli Takaful Company shareholders has any doubt regarding the content of this Document or regarding the action he should take, he should obtain special financial advice from an independent financial advisor licensed by the Capital Market Authority.

Shield Insurance Company and AlAhli Takaful Company have entered into a Merger Agreement (the provisions of which are detailed in Section 2-6 of this Offer Document) whereby Shield Insurance Company and AlAhli Takaful Company have agreed to merge AlAhli Takaful Company into Shield Insurance Company and transfer all assets and liabilities of AlAhli Takaful Company to Shield Insurance Company, whereby (1.43114769137705) shares in Shield Insurance Company will be issued to the shareholders of AlAhli Takaful Company for each share owned by them in AlAhli Takaful Company ("Swap Factor or Coefficient"), in accordance with the terms and conditions of the Offer set out in Section 2-6 of this Document. The exchange of securities will take place according to an increase in the capital of Shield Insurance Company from (400,000,000) Saudi Riyals to (638,524,620) Saudi Riyals, an increase of (238,524,620) Saudi Riyals, through an increase in the number of shares from (40,000,000) ordinary shares to (63,852,462) ordinary shares at a nominal value of 10 Riyals per share in favour of the shareholders of AlAhli Takaful Company, i.e. an increase of 59.63% of the capital before the issuance of the New Shares and in the amount of (23,852,462) new ordinary shares at a nominal value of (10) ten Saudi Riyals per share and registered in favour of the shareholders in AlAhli Takaful Company (the "New Shares" or "the Consideration Shares"), the total nominal value of the New Shares is (238,524,620) Saudi Riyals. In the event that the Transaction is approved by the shareholders of the Shield Insurance Company and the shareholders of AlAhli Takaful Company, the articles of association of Shield Insurance Company will be amended to include the new capital (Appendix 1 of this document). All shares in Shield Insurance Company, including the shares that will be issued in favour of AlAhli Takaful Company shareholders, are of one class, and none of them gives preferential rights to its holder. We point out that if the process of calculating the number of shares due to any of AlAhli Takaful Company shareholders based on the Swap Coefficient results in fractional shares, the resulting number will be rounded to the lowest whole number. For example, if a shareholder of AlAhli Takaful Company owns (55) shares in AlAhli Takaful Company, (78) shares of consideration will be allocated to him, not (79) shares. The fractional shares will be collected and sold in the Saudi Tadawul at the market price at the time, on behalf of the eligible shareholders of AlAhli Takaful Company, and then the proceeds of the sale will be distributed to the beneficiaries on a proportional basis, within a maximum period of thirty (30) days from the date of completing the Merger Transaction. The costs related to the sale of fractional shares will be deducted from the total proceeds of this sale.

Shield Insurance Company submitted a request to the Capital Market Authority "Authority" to increase its capital for the purpose of merging AlAhli Takaful Company into Shield Insurance Company and another request to the Saudi Tadawul Company "Tadawul" to list the New Shares issued for the benefit of the shareholders of AlAhli Takaful Company. It should be clarified that the proposed increase in the capital of the Shield Insurance Company for the purpose of the Merger Transaction is conditional on the approval of the shareholders of the Shield Insurance Company during the Extraordinary General Meeting of Shield Insurance Company to increase its capital for the purpose of merging AlAhli Takaful Company in Shield Insurance Company, in addition to the approval of the shareholders of AlAhli Takaful Company during the Extraordinary General Assembly meeting on the Offer submitted by Shield Insurance Company. Shield Insurance Company will also call for an Extraordinary General Assembly meeting to vote on the capital increase for the purpose of merging with AlAhli Takaful Company, whereby AlAhli Takaful Company will be merged with Shield Insurance Company and all the assets and obligations of AlAhli Takaful Company will be transferred to Shield Insurance Company in exchange for issuing the Consideration Shares at where (1.43114769137705) shares in Shield Insurance Company will be issued to the shareholders of AlAhli Takaful Company for each share owned by them in AlAhli Takaful Company, and the invitation will be announced on the Exchange "Tadawul" website

AlAhli Takaful Company will also invite its shareholders to attend an Extraordinary General Meeting for the purpose of voting on the Offer submitted by Shield Insurance Company for the Merger Transaction by offering a securities exchange in accordance with the above and based on the conditions specified in this Offer Document, and the invitation will be announced on the website of the Exchange "Tadawul".

In the event of approval of the required majority, which is three-fourths of the shares represented in the Extraordinary General Assembly meeting of the shareholders of AlAhli Takaful Company, whether the first, second or third, and all other conditions for the Merger Transaction, detailed in Section No. 2-6-6 of this Document are fulfilled including, but not limited to (1) obtaining the no objection of the General Authority for Competition to complete the Merger Transaction; (2) obtaining the Central Bank of Saudi Arabia no objection to complete the Merger Transaction; (3) obtaining approval of the Capital Market Authority to request an increase in the capital of Shield Insurance Company by issuing New Shares to the shareholders of AlAhli Takaful Company for the purpose of implementing the Merger, including approval of the Offer Document and Shareholders' Circular, in accordance with the Merger and Acquisition Regulations and the Rules on the Offer of Securities and the Continuing Obligations issued by the Capital Market Authority, and (4) Saudi Tadawul's approval of the request to list the New Shares of Shield Insurance Company in accordance with the Listing Rules; the shareholders of AlAhli Takaful Company will become owners of 37.36% of the capital of the Merging Company. The owners of the New Shares will have the right to receive dividends that the Merging Company announces after the date of the completion of the Merger Transaction. The eligibility for dividends shall be for the owners of shares registered in the Shareholders' Register at the end of the day specified for entitlement.

After approval of the Merger Transaction by the required percentage of Shield Insurance Company shareholders and the required percentage of AlAhli Takaful Company shareholders, these approvals will be announced to give a period of thirty (30) days to express any objection from AlAhli Takaful Company creditors as stipulated under the provisions of Article (193) of the Companies Regulations ("Creditors' Objection Period"). The Creditors' Objection Period will begin on the day following the date of the Extraordinary General Assembly of AlAhli Takaful Company that approved the Merger, and AlAhli Takaful Company's creditors will be able to submit their objection to the Merger Transaction (if any) by registered letters sent to AlAhli Takaful Company. The Merger decision will not become effective until the Creditors' Objection Period has elapsed without registering any objection, or until the creditors waive their objection to the Merger Transaction (if any), or until AlAhli Takaful Company pays the debt if it is immediate or provides a sufficient guarantee to meet it if it is deferred. After the Creditors' Objection Period has elapsed and after the Merger decision becomes effective, the listing of AlAhli Takaful Company shares will be canceled and the New Shares in Shield Insurance Company will be issued to the eligible shareholders of AlAhli Takaful Company according to the shareholder register on the date the Merger decision becomes effective, taking into consideration the settlement procedures (T+ 2) at the end of the second trading day following the last day of the Creditors' Objection Period, provided that the New Shares are deposited in the portfolios of AlAhli Takaful Company shareholders within a period not less than the third trading session after the Merger decision becomes effective and not more than the sixth trading session after the Merger decision becomes effective. Those shares will be deposited in the portfolios of AlAhli Takaful Company shareholders with at (1.43114769137705) shares in Shield Insurance Company for every one share owned by AlAhli Takaful Company.

The total value of the Merger Transaction was determined based on the total nominal value of the Consideration Shares, so that the total nominal value of the Consideration Shares amounted to (238,524,620) Saudi Riyals. The total market value of the Consideration Shares based on the Swap Coefficient and the closing price of Shield Insurance Company share of (23.22) Saudi Riyals as on (11/07/2021G) (which is the last trading day preceding the date of concluding the Merger Agreement) is amounted to (553,854,168) Saudi Riyals. The total market value of the Consideration Shares, based on the Swap Coefficient and on the closing price of Shield Insurance Company's share of (23.80) Saudi Riyals as on (22/09/2021G) (according to the nearest trading day before publishing the document), is (567,688,596) Saudi Riyals. The total value of the Consideration Shares that will be reflected in the financial statements of the Shield Insurance Company will be determined at a later time based on the closing price of the shares of the Shield Insurance Company on the last trading day preceding the effective date of the Merger decision. It should be noted that after approval of the Merger Transaction by the shareholders of the Merging Company and by the Merged Company and all other conditions related to the Merger Transaction (detailed in Section No. 6-6-2 of this Document) have been met, especially after the expiry of the Creditors Objection Period referred to above and/or settle all creditors' objections to the Merger Transaction (whichever comes later) in accordance with the provisions of the Companies Law. The listing of AlAhli Takaful Company's shares in the Saudi Tadawul Company (Tadawul) will be cancelled, and all licenses issued to it will be cancelled.

All AlAhli Takaful Company shareholders, including those who did not vote on the proposed resolutions to approve the Merger Transaction, or those who voted against it, will receive New Shares in Shield Insurance Company in accordance with the terms and conditions of this Document. The name of the Shield Insurance Company after the Merger will also remain unchanged. All of these steps are expected to take place according to the expected timeline of key events, which is described on page (g) of this Document. The shareholders of AlAhli Takaful Company will also become the owners of 37.36% of the capital of the Shield Insurance Company, and they will have the right to receive the dividends announced by Shield Insurance Company after completion of the Merger Transaction.

The Transaction is subject to specific conditions (explained in full in Section 7 of this Offer), including, but not limited to: (1) approval of the capital increase by the shareholders of Shield Insurance at an Extraordinary General Assembly meeting and (2) acceptance of the Offer by the shareholders of AlAhli Takaful Company in the Extraordinary General Assembly meeting (noting that the Merger Transaction may not be completed except after approval of the shareholders in the Extraordinary General Assembly of Shield Insurance Company and the Extraordinary General Assembly of AlAhli Takaful Company and in accordance with the Companies Law and with the continued validity of the Merger Agreement Concluded between Shield Insurance Company and AlAhli Takaful Company, signed on 02/12/1442H corresponding to 12/07/2021G, until all conditions related to the completion of the Merger Transaction stipulated in the aforementioned agreement and detailed in Section 6-2 of this Document are met.

This Document is issued by Shield Insurance Company and has been prepared in accordance with the requirements of Article (38) of the Merger and Acquisition Regulations. In this context, Shield Insurance Company does not bear any responsibility for the correctness and accuracy of information related to AlAhli Takaful Company contained in this Document. All the information contained in this Document related to AlAhli Takaful Company is based on the information provided by AlAhli Takaful Company in addition to the information obtained from AlAhli Takaful Company during the phase of Shield Insurance Company conducting the necessary professional due diligence on AlAhli Takaful Company- with the assistance of its advisors. In the Merger Agreement, AlAhli Takaful Company declared the validity of the information and data provided to Shield Insurance Company, or to its advisors, in the course of negotiating the Transaction and/or during the stage of due diligence.

Financial Advisor



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This Circular was issued on 10/04/1443H (corresponding to 15/11/2021G).

Important Notice

This Offer Document has been prepared by Shield Insurance Company in accordance with the requirements of the Merger and Acquisition Regulations issued by the Board of the Capital Market Authority pursuant to Resolution No. 1-50-2007 dated 21/09/1428H corresponding to 03/10/2007G based on the Capital Market Law issued by Royal Decree No. M/30, dated 2/6/1424H corresponding to 31/07/2003G, as amended by CMA Board Decision No. 3-45-2018 dated 07/08/1439H corresponding to 23/04/2018G, based on the Capital Market Law issued by Royal Decree No. M/30 dated 2/6/1424H and the Companies Law issued by Royal Decree No. M/3 dated 28/1/1437H; in order to provide information to the shareholders of AlAhli Takaful Company in relation to Shield Insurance Company's Offer to merge with AlAhli Takaful Company, where all the assets and obligations of AlAhli Takaful Company will be transferred to Shield Insurance Company in return for issuing the Consideration Shares. The vote of AlAhli Takaful Company shareholders on the Merger Transaction will be considered based on the information contained in this Document and on the Circular issued by the Board of Directors of AlAhli Takaful Company regarding the Merger Transaction.

The data provided in this Document were prepared on the date of this Document (unless otherwise stated), and the publication of this Document should not be construed that there has been no change in the information and matters relating to Shield Insurance Company or AlAhli Takaful Company since that date. This Document does not contain any text that can be considered as a forecast, planning or estimate of the current or future financial performance of Shield Insurance Company, or AlAhli Takaful Company, nor may any statements contained in this Document be construed that the earnings per share in the current or future financial periods will necessarily be in line with or exceed what has been published in the previous financial statements of both companies.

Shield Insurance Company has not authorized any person to provide any information or make any statements or explanations to the shareholders of AlAhli Takaful Company on its behalf in connection with the Offer and the Merger Transaction other than those described in this Document. In the event that any unauthorized person provides any information or discloses any information related to the Merger Transaction, it shall not be relied upon or considered to have been authorized by Shield Insurance Company or its Financial Advisor, or any other party to the Transaction or any of their advisors.

No person shall interpret or consider the contents of this Document as legal, financial or tax advice. It requires the advice of an independent financial advisor licensed by the Capital Market Authority in the event of doubt about an issue related to this Offer. The contents of the website of Shield Insurance Company or AlAhli Takaful Company, or the contents of any other website on which this Document is published, does not form part of or supplement to this Document, and neither the advisors nor Shield Insurance Company and AlAhli Takaful Company assume any responsibility for the contents of these websites.

Shield Insurance Company has appointed Aljazira Capital Markets Company ("Aljazira Capital") as its financial advisor in connection with the Merger Transaction. Aljazira Capital operates in accordance with the regulations and laws in force in the Kingdom of Saudi Arabia and holds the necessary license for this from the Capital Market Authority and works for Shield Insurance Company exclusively as an independent Financial Advisor in this Transaction. It does not work for any other party in relation to the Transaction. Aljazira Capital will not advise on the Transaction, or make any other matter or arrangement referred to in this Document, to any party other than Shield Insurance Company.

The purpose of this Document is to: (1) explain the background and reasons for the Merger Transaction; (2) provide AlAhli Takaful Company shareholders with details of the Transaction; and (3) provide AlAhli Takaful Company shareholders with information on the Offer made by Shield Insurance Company to enable them to vote in favor of or against the proposed decisions to approve the Transaction at the Extraordinary General Assembly meeting of AlAhli Takaful Company.

Forecasts and Forward-looking Statements

This Document, including the information contained therein, contains “forward-looking statements” relating to Shield Insurance Company and AlAhli Takaful Company. In general, words such as “will”, “may”, “must”, “continue”, “believe”, “expect”, “intends”, “waiting”, or similar expressions that refer to the future and are forward-looking statements. Forward-looking statements involve risks and uncertainties that could cause actual results to differ materially from future statements and expectations. Many of these risks and uncertainties relate to factors and conditions outside the control of the company concerned, or its ability to make accurate estimates such as future market conditions and the behavior of other market participants. Therefore, it is not permissible to rely entirely on forward-looking statements and expectations. Neither Shield Insurance Company nor any other party to the Transaction or their advisors bear any responsibility regarding forward-looking statements and expectations, and none of the above intends to update these statements and future expectations except as required by law.

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

Restrictions related to the publication and distribution of this Circular

This Document is directed to the shareholders of AlAhli Takaful Company and may not be published or distributed in any jurisdiction other than the Kingdom of Saudi Arabia or in any other jurisdiction in which this Circular is considered to be in violation of its laws.

Notice to AlAhli Takaful Company shareholders residing outside the Kingdom

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

Disclosure of financial and other Information

The consolidated financial statements of Shield Insurance Company for the financial years ending on December 31, 2018, December 31, 2019, and December 31, 2020G were prepared in accordance with the International Financial Reporting Standards (IFRS) adopted in the Kingdom of Saudi Arabia. The financial statements contained in this Circular are based on the estimates of Shield Insurance Company’s management and have not been independently audited by accountants or others except for what is explicitly stated otherwise. Unless it is stated otherwise in this Circular, all financial statements contained herein are expressed in Saudi Riyals.

This Document has been prepared in accordance with the laws and regulations in force in the Kingdom of Saudi Arabia. The size, type and nature of the information contained herein may differ if this Document is prepared in accordance with laws or regulations of other jurisdictions other than the Kingdom of Saudi Arabia. Shield Insurance Company does not intend to take any action to publish this Circular or register the shares proposed to be issued in any country other than the Kingdom of Saudi Arabia. This Transaction relates to securities of Saudi joint stock companies listed on the Saudi Stock Exchange (Tadawul). Therefore, this Circular and any other documents or announcements related to the Transaction have been or will be prepared in accordance with the requirements for information disclosure in force in the Kingdom of Saudi Arabia only, which may differ from those in force in other jurisdictions.

Important Dates and Core phases of the Merger Transaction

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

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

Event	Timeline/Dates
1- Procedures related to the Extraordinary General Assembly	
Submit the final Offer Document to the Capital Market Authority for approval of its publication	25/03/1443H (Corresponding to 31/10/2021G)
Capital Market Authority's approval on the request of capital increase and publishing the Offer Document.	05/04/1443H (corresponding to 10/11/2021G)
Publishing the Shareholders Circular of the Shield Insurance Company and the Offer Document addressed to the shareholders of AlAhli Takaful Company.	10/04/1443H (corresponding to 15/11/2021G)
Publishing the shareholders Circular of AlAhli Takaful Board of Directors	10/04/1443H (corresponding to 15/11/2021G)
Provide the documents available for inspection.	Will be available at least 14 working days before the date of the Extraordinary General Assembly, from 10/04/1443H (corresponding to 15/11/2021G) until the end of the Offering Period (from Sunday to Thursday, from nine in the morning until five in the evening, except for official holidays in the Kingdom)
Approval of the Capital Market Authority to hold the Extraordinary General Assembly of Shield Insurance Company for the Merger Transaction, and the Extraordinary General Assembly of AlAhli Takaful Company for the Merger Transaction.	10/04/1443H (corresponding to 15/11/2021G)
Announcing on the Tadawul website about the invitation of the Extraordinary General Assembly of the Shield Insurance Company for the Merger Transaction (with an indication of the possibility of holding a second meeting one hour after the end of the period specified for convening the first meeting, in case the quorum required for holding the first meeting is not complete).	13/04/1443H (corresponding to 18/11/2021G)

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

Event	Timeline/Dates
1- Procedures related to the Extraordinary General Assembly	
Publishing the Merger decision and other decisions taken at the first meeting or the second meeting of the Extraordinary General Assembly of the Shield Insurance Company regarding the Merger Transaction on Tadawul website (or announcing that the Extraordinary General Assembly will not be held if its quorum is not achieved).	08/05/1443H (corresponding to 12/12/2021G)
Publishing the Merger decision and other decisions taken at the first meeting or the second meeting of the Extraordinary General Assembly of AlAhli Takaful Company regarding the Merger Transaction on Tadawul website (or announcing that the Extraordinary General Assembly will not be held in case the quorum is not achieved).	08/05/1443H (corresponding to 12/12/2021G)
2- Procedures in case the quorum is not achieved at the first and second meeting of both Company's EGM	
Approval of the Capital Market Authority to call for the third Extraordinary General Meeting of Shield Insurance Company for the Merger Transaction and/or approval of the Capital Market Authority to call for holding the third Extraordinary General Meeting of AlAhli Takaful Company for the Merger Transaction.	15/05/1443H (corresponding to 19/12/2021G)
Announcing on Tadawul website the invitation for the third Extraordinary General Meeting of Shield Insurance Company for the Merger Transaction and/or announcing on the Tadawul website the invitation to the third Extraordinary General Meeting of AlAhli Takaful Company for the Merger Transaction.	16/05/1443H (corresponding to 20/12/2021G)
The start of electronic voting period for the shareholders at the third Extraordinary General Meeting of Shield Insurance Company and/or the start of the electronic voting period for the shareholders at the third Extraordinary General Meeting of AlAhli Takaful Company.	Starting from 04/06/1443H (corresponding to 07/01/2022G) until the end of the time of the Extraordinary General Assembly
Holding the third Extraordinary General Meeting of Shield Insurance Company for the Merger Transaction and/or the third Extraordinary General Meeting of AlAhli Takaful Company relating to the Merger Transaction. The quorum is achieved for the third meeting of the Extraordinary General Assembly, regardless of the number of shares represented therein.	07/06/1443H (corresponding to 10/01/2022G)
Posted on the Tadawul website the Merger decision and other decisions taken at the third Extraordinary General Meeting of Shield Insurance Company and/or AlAhli Takaful Company (as the case may be).	08/06/1443H (corresponding to 11/01/2022G)

Event	Timeline/Dates
3- Creditors' Objection Period	
<p>Beginning of the Creditors' Objection Period.</p>	<ul style="list-style-type: none"> • 08/05/1443H (corresponding to 12/12/2021G) in the event of a decision approving the Merger Transaction during the first or second Extraordinary General Assembly meeting of Shield Insurance Company and AlAhli Takaful Company. • 08/06/1443H (corresponding to 11/01/2022G) in the event of a decision approving the Merger Transaction during the third Extraordinary General Assembly meeting of Shield Insurance Company and AlAhli Takaful Company. <p>The Creditors' Objection Period lasts for a period of (30) days.</p>
<p>Reminder announcement from AlAhli Takaful Company about the end of the Creditors' Objection Period</p>	<ul style="list-style-type: none"> • 06/06/1443H (corresponding to 09/01/2022G) in the event of a decision approving the Merger Transaction during the first or second Extraordinary General Assembly meeting of Shield Insurance Company and AlAhli Takaful Company. • 07/07/1443H (corresponding to 08/02/2022G) in the event of a decision approving the Merger Transaction during the third Extraordinary General Assembly meeting of Shield Insurance Company and AlAhli Takaful Company.
<p>Expiry of the Creditors' Objection Period.</p>	<ul style="list-style-type: none"> • By the end of 08/06/1443H (corresponding to 11/01/2022G) in the event of a decision approving the Merger Transaction during the first or second Extraordinary General Assembly meeting of Shield Insurance Company and AlAhli Takaful Company. • By the end of 09/07/1443H (corresponding to 10/02/2022G) in the event of a decision approving the Merger Transaction during the third Extraordinary General Assembly meeting of Shield Insurance Company and AlAhli Takaful Company.
<p>AlAhli Takaful Company announces the presence or absence of objections of creditors.</p>	<ul style="list-style-type: none"> • 09/06/1443H (corresponding to 12/01/2022G) in the event of a decision approving the Merger Transaction during the first or second Extraordinary General Assembly meeting of Shield Insurance Company and AlAhli Takaful Company. • 12/07/1443H (corresponding to 13/02/2022G) in the event of a decision approving the Merger Transaction during the third Extraordinary General Assembly meeting of Shield Insurance Company and AlAhli Takaful Company.

Event	Timeline/Dates
4- Completion of the Merger Transaction	
Enforcement of the Merger decision.	<p>After the end of the Creditors' Objection Period or the date on which all creditors' objections to the Merger Transaction are settled (whichever comes later).</p> <ul style="list-style-type: none"> • 09/06/1443H (corresponding to 12/01/2022G) in the event of a decision approving the Merger Transaction during the first or second Extraordinary General Assembly meeting of Shield Insurance Company and AlAhli Takaful Company. • 12/07/1443H (corresponding to 13/02/2022G) in the event of a decision approving the Merger Transaction during the third Extraordinary General Assembly meeting of Shield Insurance Company and AlAhli Takaful Company.
Suspension of trading the shares of AlAhli Takaful Company.	<p>The first trading period after the entry into force of the Merger decision, and it is expected that this will take place on:</p> <ul style="list-style-type: none"> • 09/06/1443H (corresponding to 12/01/2022G) in the event of a decision approving the Merger Transaction during the first or second Extraordinary General Assembly meeting of Shield Insurance Company and AlAhli Takaful Company. • 12/07/1443H (corresponding to 13/02/2022G) in the event of a decision approving the Merger Transaction during the third Extraordinary General Assembly meeting of Shield Insurance Company and AlAhli Takaful Company.
Shield Insurance Company and AlAhli Takaful Company announced the effectiveness of the Merger.	<ul style="list-style-type: none"> • 09/06/1443H (corresponding to 12/01/2022G) in the event of a decision approving the Merger Transaction during the first or second Extraordinary General Assembly meeting of Al-Shield Insurance Company and AlAhli Takaful Company. • 12/07/1443H (corresponding to 13/02/2022G) in the event of a decision approving the Merger Transaction during the third Extraordinary General Assembly meeting of Shield Insurance Company and AlAhli Takaful Company.
De-listing of AlAhli Takaful Company's shares in Tadawul.	<p>During a period of not less than the third trading period after the implementation of the Merger decision and not more than the sixth trading period after implementation of the Merger decision.</p>
Listing the New Shares in Tadawul and allocating them to the shareholders of AlAhli Takaful Company who are registered in the shareholders register of AlAhli Takaful Company at the end of the second trading period after the Merger decision became effective.	<p>During a period of not less than the third trading period after the implementation of the Merger decision and not more than the sixth trading period after implementation of the Merger decision.</p>

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

* Note: Any modifications on these dates will be announced on the Tadawul website (www.tadawul.com.sa).

** Copies of the documents available for inspection will be made available for inspection during the period from the date of publishing the Offer Document until the end of the Offering Period at the headquarters of the Shield Insurance Company (Address: Olaya Street - Riyadh - PO Box 61352 Riyadh 11565 Olaya Road - Sircon Building No. 15 Floor 3 , Kingdom of Saudi Arabia, Tel: +966 112505400), from Sunday to Thursday from nine in the morning until five in the evening, excluding official holidays in the Kingdom.

Company Directory and Advisor

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Advisor for Reviewing the implicit value of the protection and savings portfolio of AlAhli Takaful Company

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Accountant of the hypothetical financial statements for Arabian Shield Insurance Company

Bakertilly MKM & Co., Certified Public Accountants

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All the consultants and chartered accountants named above have given their written consent to publish their names, logos and statements in accordance with the context contained in the Offer Document, and none of them has withdrawn this consent until the date of this Document's issuance. Also, they do not have any shares or interest of any kind in Shield Insurance Company as on the date of this Document.

Table of Contents

	Offer Document	a
	Important Notice	d
	Forecasts and Forward-looking Statements	e
	Restrictions related to the publication and distribution of this Circular	e
	Notice to AlAhli Takaful Company shareholders residing outside the Kingdom	e
	Disclosure of financial and other Information	e
	Important Dates and Core phases of the Merger Transaction	g
	Company Directory and Advisor	m
	Table of Contents	1
1	Terms and Definitions	3
2	Overview of the Merger Transaction	10
	2-1 Introduction	10
	2-2 Transaction Background and Reasons	10
	2-3 Overview of the Merger Transaction	11
	2-4 Evaluation of Shield Insurance Company and AlAhli Takaful Company	15
	2-5 Financing the Merger Transaction	19
	2-6 The Merger Agreement and Summary of Conditions for Completing the Merger Transaction	20
	2-7 Statutory Approvals Required to Complete the Merger Transaction	34
	2-8 Extraordinary General Assembly Meetings	34
	2-9 Creditors Objection Period	37
	2-10 Completion of the Merger Transaction	37
	2-11 Details of the shareholders after completion of the Merger Transaction	37
	2-12 Management and Employees	39
	2-13 Arrangements and special Conditions	39
	2-14 Confirming Cash Adequacy	39
	2-15 Organization Structure of Shield Insurance Company if Merger is Complete.....	40
3	Financial information	41
	3-1 Share Closing Price	41
	3-2 Distributions and Dividends Policy	42

3-3	Implication of the Offer Expiry	42
4	Information relating to Shield Insurance Company	43
4-1	Overview	43
4-2	The most prominent historical events	44
4-3	Vision	45
4-4	Mission	45
4-5	Competitive Advantages	45
4-6	Strategy	46
4-7	sales	46
4-8	Products	47
4-9	Reinsurance	51
4-10	Current Organization Structure of the Shield Insurance Company	57
4-11	Board of Directors	58
5	Additional Information	59
5-1	Statements of liability in relation to the content of this Offer	59
5-2	Statement of ownership shares and Transactions in the shares of Shield Insurance Company	59
5-3	Statement of ownership shares and Transactions in the shares of AlAhli Takaful Company	61
5-4	Stock Trading Statement	62
5-5	Taxes and Zakat	62
5-6	Declaration of Compliance	62
5-7	The Effect of Accepting the Offer on the Capital and Income of the Shareholders of the Offeree Company	64
5-8	The Effect of Accepting the Offer (in full) for the Purpose of Controlling the Assets, Profits and Business of Shield Insurance Company that could be Important for the Correct Evaluation of the Offer	65
5-9	The Final Owners of AlAhli Takaful Company's Shares and the Controlling Shareholders in Shield Insurance Company and the Merging Company	66
5-10	Statement of Redemption of Securities by the Offeror	67
6	Shield Insurance Company financial statements	68
7	Documents Available for Inspection	72
8	Appendices	73
	Appendix (1) Amendments to the Articles of Incorporation of the Arabian Shield Insurance Company associated with the Merger Transaction	73

1- Terms and Definitions

The following definitions apply to all of this Offer Document unless the context requires otherwise:

Shield Insurance Company	Arabian Shield Cooperative Insurance Company.
Board of Directors of the Shield Insurance Company, or members of the Board of Directors of the Shield Insurance Company	The Board of Directors of Shield Insurance Company as defined in Section 4-11 of this Document.
The Offer	The Offer for the exchange of securities submitted by Shield Insurance Company to the shareholders of AlAhli Takaful Company is included in this Offer Document.
Merging Company	Arabian Shield Cooperative Insurance Company.
Merged Company	AlAhli Takaful Company.
Shareholders Circular	The Circular directed toward and available to the shareholders of Shield Insurance Company in connection with the Transaction and the capital increase for the purpose of merging with AlAhli Takaful Company.
The Extraordinary General Assembly of the Shield Insurance Company for the Merger Transaction	The Extraordinary General Assembly meeting of the Shield Insurance Company, which will be held to vote on the Merger Transaction and a number of other related decisions. The items of the Extraordinary General Assembly of the Shield Insurance Company will be vote on the capital increase, the provisions of the Merger Agreement, the proposed amendments to the Articles of Association of Shield Insurance Company for the Merger Transaction (Appendix 1 of this Document), and authorizing the Board of Directors of Shield Insurance Company or any person authorized by the Board of Shield Insurance Company to issue any decision or take any action that may be necessary to implement any of the aforementioned decisions related to the Merger Transaction.
Shield Insurance Company shares	Ordinary shares in Al-Shield Insurance Company at a nominal value of SAR 10 per share.
Listing or listing of shares	Listing of securities in the Saudi Tadawul.
Trading Period	The times during which shares can be bought and sold in the market as stipulated by Tadawul Saudi Arabia from time to time.
Request to increase the capital of the Shield Insurance Company for the purpose of merging	It is a request to increase the capital of Shield Insurance Company for the purpose of merging AlAhli Takaful Company into Insurance Company in accordance with the Rules on the Offer of Securities and Continuing Obligations and the Merger and Acquisition Regulations.

Alternative Offer or Competitor Offer	<p>Any of the following:</p> <ol style="list-style-type: none"> 1. An Offer, or a potential Offer made by any third party other than Shield Insurance; 2. The sale, or potential sale of any of the assets of AlAhli Takaful Company, which is considered material in the course of AlAhli Takaful Company's business or in connection with the Transaction; 3. Any other Transaction which, if executed, may result in a change of control in AlAhli Takaful Company; or 4. Any Transaction by AlAhli Takaful Company that includes the distribution of a non-routine proposal to the shareholders of AlAhli Takaful Company; <p>Regardless of the proposed method of executing the Offer, proposal, or Transaction.</p>
Declaration, or declaration of affirmative intent	It is the announcement that was issued on 02/12/1442H corresponding to 12/07/2021G regarding the Merger Transaction in accordance with Article 17(e) of the Merger and Acquisition Regulations.
Working day	Any working day except Friday and Saturday or official holidays in the Kingdom of Saudi Arabia.
Capital increase	The proposed increase in the capital of Shield Insurance Company from 400,000,000 Saudi Riyals to 638,524,620 Saudi Riyals for the purpose of merging AlAhli Takaful Company into Shield Insurance Company and transferring all the assets and liabilities of AlAhli Takaful Company to Shield Insurance Company.
Closing price	The last price the Share was traded at on the relevant trading day according to the mechanism specified by the Exchange.
Companies Law or Companies Regulations	The Companies Law in the Kingdom of Saudi Arabia issued by Royal Decree No. (M/3) dated 28/01/1437H (corresponding to 10/11/2015G) and which entered into force on 25/07/1437H (corresponding to 02/05/2016 G) and amended on 01/07/1441H (corresponding to 25/02/2020G).
Conditions	They are the conditions for completing the Transaction as summarized in Section No. 2-6-18 of this Document in addition to any amendments or changes that may occur to them in accordance with the requirements of the Capital Market Authority, or pursuant to the laws and regulations in force, or as may be agreed upon between Shield Company Insurance and AlAhli Takaful Company in accordance with the provisions of the Merger Agreement.
Warranties and covenants / Representations	The mutual guarantees and representations between Al- Shield Insurance Company and AlAhli Takaful Company in the Merger Agreement (Table 2), which are detailed in Section 2-6-1 of this Document.
Control	It is, as intended in the Merger and Acquisition Regulations, the ability to influence the actions or decisions of another person, directly or indirectly (except for indirect ownership through a swap agreement or through an investment fund whose unit owner does not have any right in its investment decisions), individually or collectively, with a person or persons with whom they act in agreement, by owning (directly or indirectly) 30% or more of the voting rights of an entity, and the term "controlling" shall be construed accordingly.
Subordinate	A person who controls another person, is controlled by that other person, or is jointly controlled with that other person by a third person. In any of the above, control is direct or indirect.

Act in agreement	<p>Means, at the discretion of the Authority, actual cooperation under an agreement (whether binding or non-binding) or understanding (whether formal or informal) between persons to control (whether directly or indirectly, excluding indirect ownership by way of a swap agreement or by through an investment fund, the owner of its units does not have any right in its investment decisions) over a company, through the acquisition by any of them (through direct or indirect ownership) of shares that have the right to vote in that company. Notwithstanding the application of this definition, the persons mentioned below shall, without limitation, be deemed to be acting in concert with other persons in the same category unless proven otherwise:</p> <ol style="list-style-type: none"> 1. Persons who are members of the same group; 2. Relatives of the person; <p>A person or persons who have provided financial assistance (other than that of a bank in the ordinary course of its business) to the Offeror or persons in the same group with that person for the purpose of acquiring voting shares or convertible debt instruments</p>
Relative	In the Merger and Acquisition Regulations, it means the following: husband, wife, children and parents.
Dividends distribution	Any form of dividend distribution to shareholders.
The Exchange	The Saudi Stock Exchange (Tadawul) and includes, as the context allows, any committee, sub-committee, employee, official, affiliated person, or agent that may be assigned at the present time to perform any of the market functions, and the phrase "in the market" means any activity that takes place through or by means of equipment provided by the Exchange.
Board Circular of AlAhli Takaful Company	The Circular addressed to and available to AlAhli Takaful Company shareholders in connection with the Transaction, which contains, among other things, the opinion of the Board of Directors of AlAhli Takaful Company on the Transaction and Shield Insurance Company's plans regarding AlAhli Takaful Company and its employees, in addition to other information relating to ownership interests, Transactions and material contracts in compliance with Article 39 of the Merger and Acquisition Regulations, which also includes the invitation to attend the Extraordinary General Assembly of AlAhli Takaful Company and to vote in it, in addition to any other documents related to the Transaction as required by the context and the Merger and Acquisition Regulations.
Aljazira Capital	It is Aljazira Capital Markets Company, the Financial Advisor to Shield Insurance Company in relation to the Merger Transaction.
Extraordinary General Assembly of AlAhli Takaful Company for the Merger Transaction	The Extraordinary General Assembly meeting of AlAhli Takaful Company, which will be held to vote on the Offer submitted by Shield Insurance Company and a number of other related decisions. The items of the Extraordinary General Assembly of AlAhli Takaful Company will be to vote on the provisions of the Merger Agreement and to authorize the Board of Directors of AlAhli Takaful Company, or any person authorized by the Board of Directors of AlAhli Takaful Company, to issue any decision or take any action that may be necessary to implement any of the decisions related to the Merger Transaction.
Shares of AlAhli Takaful Company	Ordinary shares issued in AlAhli Takaful Company totaling 16,666,667 shares, at a nominal value of 10 Saudi Riyals per share.

Extraordinary General Assembly meeting	The Extraordinary General Assembly meeting (including any postponement thereof), for the shareholders of AlAhli Takaful Company, or the shareholders of Shield Insurance Company, depending on the context, that will be held in connection with this Transaction.
The Kingdom	Kingdom Saudi Arabia.
Insurance company	An insurance company subject to the supervision of the Central Bank of Saudi Arabia and the Cooperative Insurance Companies Control Law issued by Royal Decree No. M/32 dated 02/06/1424H corresponding to 31/07/2003G and the Implementing Regulations of the Cooperative Insurance Companies Control Law issued by Ministerial Order No. 1/561 dated 01/03/1425H (corresponding to 20/04/2004G.)
Central Bank or SAMA	The Central Bank of Saudi Arabia (formerly the Saudi Arabian Monetary Agency).
Traded	Means traded in the main market (Tadawul).
Listed	Securities or shares that have been accepted to be listed on the main market in the Saudi Tadawul.
Rules on the Offer of Securities and Continuing Obligations	These are the Rules on the Offer of Securities and Continuing Obligations issued by the Board of the Capital Market Authority pursuant to Resolution No. 3-123-2017 dated 9/4/1439H corresponding to 27/12/2017G, based on the Capital Market Law issued by Royal Decree No. M/30 dated 2/6/ 1424H, as amended by Decision of the Board of the Capital Market Authority No. 1-7-2021 dated 01/06/1442H corresponding to 14/01/2021G.
Listing Rules	These are the Listing Rules of Securities on the Stock Exchange (Tadawul) approved by the Capital Market Authority Board Resolution No. 3-123-2017 dated 9/4/1439H corresponding to 27/12/2017G. And amended by Resolution No. 1-104-2019 dated 01/02/1441H corresponding to 30/09/2019G. And amended by Resolution No. (1-22-2021) dated 12/07/1442H (corresponding to 24/02/2021G).
Law	The Capital Market Law issued by Royal Decree No. M/30 dated 2/6/1424H and amended by Royal Decree No. (M/16) dated 19/1/1441H.
Independent advice	It is an independent, specialized advice provided by AlAhli Takaful Company's independent advisors to the Board of Directors of AlAhli Takaful Company and from Shield Insurance Company's independent advisors to the Board of Directors of Shield Insurance Company in accordance with paragraph 3 (a) and Article 18 of the Merger and Acquisition Regulations.
Adverse material change or adverse material changes	It is any of the five cases set out in Section No. 2-6-2 in this Document, the establishment of any of which may lead to the termination of the Merger Agreement and the payment of the Termination Fee (except for the case of force majeure, the realization of its conditions will result in the termination of the Merger Agreement but without payment of the Termination Fee).
Offer Document	It is this Document that is required in accordance with Article 38 of the Merger and Acquisition Regulations and is directed and available to the shareholders of AlAhli Takaful Company in connection with the Transaction.

Mergers and Acquisitions Regulations	It is the Merger and Acquisition Regulations issued by the Board of the Capital Market Authority pursuant to Resolution No. 1-50-2007 dated 21/09/1428H, (corresponding to 3/10/2007G) based on the Capital Market Law issued by Royal Decree No. M/30 dated 2/6/1424H, as amended by CMA Board Decision No. 3-45-2018 dated 07/08/1439H corresponding to 23/04/2018G, based on the Capital Market Law issued by Royal Decree No. M/30 dated 2/6/1424H and the Companies Law issued by Royal Decree No. M/3 on 28/1/1437H.
Person	Any natural or legal person recognized by the Kingdom's regulations as such.
Related person	Is the managing director, member of the board of directors, senior executives or any shareholder who owns a large percentage of shares in a company the securities of which are listed, or any person related to a person who meets this definition.
Related Advisor	In the Merger and Acquisition Regulations, it means: <ol style="list-style-type: none"> 1. The advisor who provides advice to the Offeror or the Offeree company in connection with the acquisition process, whether through a private sale and purchase Transaction or through an Offer; 2. A financial market institution acting in the interest of the Offeror or the Offeree company 3. The advisor who provides advice to a person acting in agreement with the Offeror or the Offeree company, in relation to the Offer, or in the matter which caused that person to be a party to act under agreement in the relevant matter.
Substantial Shareholder	A person who owns 5% or more of the shares of either Shield Insurance Company or ALAhli Takaful Company.
Senior Executives	Any natural person who manages and is responsible for setting and implementing the strategic decisions of the company, including the CEO, his deputies and the chief financial officer.
Prohibited jurisdiction	It is any jurisdiction outside the Kingdom of Saudi Arabia in which it is prohibited to distribute the Offer Document, or to create, extend, or accept any other Offer related to the Transaction that would violate the law or the legislation in force in the said jurisdiction, including but not limited to, Australia, Canada, Dubai International Financial Centre, Japan, Jordan, Kingdom of Bahrain, Kuwait, Sultanate of Oman, United Arab Emirates, United Kingdom and United States of America.
Riyal or SAR	Saudi Riyal.
Saudi Organization for Auditors and Accountants	The Saudi Organization for Auditors and Accountants is a Saudi organization specialized in leading and supervising the accounting and auditing profession in the Kingdom of Saudi Arabia.
General Authority for Competition	It is the General Authority for Competition in the Kingdom.
Standards of Saudi Organization for Auditors and Accountants	These are the standards applied by the Saudi Organization for Auditors and Accountants.
The Authority or CMA	It is the Saudi Capital Market Authority inclusive as the text allows, of any committee, sub-committee, employee, or agent who may be delegated to perform any of the functions of the Authority.

Supervisory authority	It is the authority, the central bank, or any other authority in the Kingdom or abroad that monitors and supervises the conduct of securities business, banking, financial, insurance or investment business, including self-regulatory bodies.
Saudi Tadawul	The Saudi Stock Exchange Company, a Saudi closed joint stock company, is the only entity authorized to engage in the listing and trading of securities in the Kingdom.
Protection and savings insurance	Insurance operations in which the insured pays an amount or sums, including the proceeds of savings, at a future date in return for the subscriptions paid by the insured.
Implicit value of the protection and savings portfolio of AlAhli Takaful Company	It is the implicit value of the sum of the discounted net future profits of the protection and savings policies in effect only, without including the future expectations related to the subscription of the new protection and savings policies.
Long term insurance policies	These are insurance policies that cover a protection period of more than 12 months.
Short term insurance policies	These are insurance policies that cover a protection period of up to 12 months.
Final cut-off date	The last date to complete the Merger Transaction, and in the event that the Merger Transaction is not completed on 10/04/2022G, the Merger Agreement will expire in accordance with its terms and conditions.
Transaction or Merger Transaction	It is the proposed Merger by Shield Insurance Company with AlAhli Takaful Company in exchange for transferring all the assets and obligations of AlAhli Takaful Company to Shield Insurance Company, through increasing the capital of Shield Insurance Company by issuing 23,852,462 new ordinary shares to the shareholders of AlAhli Takaful Company without paying any cash consideration. This is in accordance with the terms agreed between the two companies under the Merger Agreement, and in accordance with the rules and regulations issued by the Capital Market Authority (including the Merger and Acquisition Regulations and the Rules on the Offer of Securities and Continuing Obligations), the Listing Rules, and the Companies Regulations, primarily in accordance with the terms described in this Offer Document, In particular Section 2-3 thereof, (provided that any additional terms and conditions are included as (1) required to comply with the requirements of the Capital Market Authority, (2) required by applicable laws and regulations, and (3) may be agreed upon between Shield Insurance and AlAhli Takaful).
Enforcement of the Merger decision	After the end of the Creditors' Objection Period or the settlement of all the creditors' objections to the Merger Transaction (whichever comes later) in accordance with the provisions of the Companies Law.
Merger Agreement or the Agreement	It is the Merger Agreement that was entered into by Shield Insurance Company and AlAhli Takaful Company on 02/12/1442H corresponding to 12/07/2021G.
Offering Period	The period extending from the date of announcing the confirmed intention of Shield Insurance Company to submit an Offer to the shareholders of AlAhli Takaful Company until the date of issuance of the Extraordinary General Assembly's decision regarding the Merger Transaction for each of the two companies, or the termination of the Merger Agreement in accordance with its provisions.

Creditors Objection Period	The period during which the creditors of AlAhli Takaful Company are entitled to submit their objections to the Merger Transaction in accordance with the provisions of Article (193) of the Companies Law. It begins from the date of publishing the approval of the Merger decision for AlAhli Takaful Company and continues for a period of (30) days.
Restructuring	Means any change in the capital of Shield Insurance Company due to a matter relating to the capitalization of the Shield Insurance Company or a matter relating to rights by issuing any shares, distributing dividends, reducing the number of shares or any other modification of rights relating to any part of the issued shares of Shield Insurance Company.
Swap Factor	Determined as follows, (1.43114769137705) shares of Shield Insurance Company for everyone share of AlAhli Takaful.
New Shares or Consideration Shares	They are the shares that will be issued in Shield Insurance Company to the shareholders of AlAhli Takaful Company as a result of the Merger Transaction, totalling (23,852,462) twenty-three million eight hundred and fifty-two thousand four hundred and sixty-two ordinary shares at a nominal value of (10) ten Saudi Riyals per share.
Business integration process	The Merger of businesses of Shield Insurance Company and AlAhli Takaful Company (including the integration of administrative functions, organizational structure, information systems, etc.) to achieve the progress of activities of the Merging Company after completion of the Merger Transaction.
Credit rating	An opinion published by independent credit rating agencies regarding the creditworthiness of an entity or the creditworthiness of a security in terms of ability to meet financial obligations, using symbols, letters, numbers, or any other form.
Bahrain National Holding Company	A Bahraini joint stock company, established in 1998, by merging the Bahrain Insurance Company and the National Insurance Company. Bahrain National Holding Company works in the field of insurance in the Kingdom of Bahrain, providing its services in all areas of insurance and risk management.
Stable	Rating that it will not likely changed.
Standard & Poor's Corporation (S&P)	Standard & Poor's is an American agency specializing in the field of credit ratings.
Moody's	Moody's is an American credit rating agency.
A.M. Best	AM Best is an American credit rating agency specializing in the insurance sector worldwide.
Fitch Ratings	It is an American credit rating agency.

2- Overview of the Merger Transaction

2-1 Introduction

On 29/08/1442H (corresponding to 11/04/2021G), Shield Insurance Company announced the signing of a non-binding memorandum of understanding with AlAhli 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 was based on the preliminary results of studies and discussions on the proposed Merger process. The two Companies have agreed under this non-binding memorandum that the proposed Merger will take place through a securities exchange Offer through which the assets and obligations of AlAhli Takaful Company will be transferred to Shield Insurance Company in exchange for the issuance of New Shares for the benefit of AlAhli Takaful Company shareholders in Shield 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.

On 02/12/1442H corresponding to 12/07/2021G, Shield Insurance Company announced its confirmed intention to merge AlAhli Takaful Company into Shield Insurance Company, after signing the Merger Agreement of AlAhli Takaful Company detailing the terms related to the Transaction. It was agreed between the two boards of directors that the Transaction be done on the basis of exchanging the shares of the two companies without any cash consideration, i.e., through the issuance of (1.43114769137705) shares in Shield Insurance Company for each share owned by AlAhli Takaful Company. Accordingly, the total number of New Shares issued in Shield Insurance Company for the benefit of AlAhli Takaful Company shareholders will be (23,852,462) New Shares of Shield Insurance Company, which constitutes 37.36% of the total number of shares in the capital of Shield Insurance Company after the completion of the Merger Transaction. The current capital of Shield Insurance Company is (400,000,000) Saudi Riyals divided into (40,000,000) ordinary shares at a nominal value of (10) ten Saudi Riyals per share. After the capital increase process and the completion of the Merger Transaction, the capital of Shield Insurance Company will become (638,524,620) Saudi Riyals, and the number of its shares will be (63,852,462) ordinary shares.

2-2 Transaction Background and Reasons

The main motives of the Transaction revolve around the fact that competitive market shares in the insurance sector are divided among 30 insurance companies. The largest 8 insurance companies accounted for 75.8% of the total insurance subscriptions written in the year 2020G, amounting to 38.78 billion Saudi Riyals (according to the Saudi insurance market report for the year 2020G issued by the Central Bank of Saudi Arabia). Shield' Insurance Company's market share accounted for 1.43% of the total insurance subscriptions written in 2020. The market share of AlAhli Takaful Company was 0.64% in the same year. In the previous year 2020G and the past part of the current year 2021G, the insurance sector in the Kingdom of Saudi Arabia witnessed (3) completed Mergers between insurance companies, in addition to the announcement of two Mergers that are still in progress.

The insurance sector is expected to witness more Mergers, given the fact that one of the initiatives of the Financial Sector Development Program included encouraging and facilitating Mergers in the insurance sector, which aims to sustain the sector's growth, stability and durability, increase its contribution to the GDP, diversify and digitize its products, and enhance its innovation and competition in. The proposed Merger of Shield Insurance Company with AlAhli Takaful Company is expected to contribute to acquiring a larger market share, thus enhancing the competitive position of the Merging Company upon completion of the Merger Transaction.

In addition, the Merging Company will benefit from the introduction of a new insurance product, which is Protection and Savings Insurance (Long Term Policies). This product was not previously Offered by Shield Insurance Company (since Shield Insurance Company currently offers protection insurance policies - short-term policies). The Directors of Shield Insurance Company believe that the experience owned by the AlAhli Takaful Company team and the technical infrastructure owned by AlAhli Takaful Company with regard to long-term protection and saving insurance will be a positive point with a comparative advantage of a comparative advantage to improve the market share of the Merging Company with regard to the protection and savings insurance market in particular, and thus the Merging Company will cover all insurance products in its various sectors (public, health, protection

and savings (long and short term)). It is worth noting that the Merging Company currently has a valid license to provide protection and savings products. The desired benefits of the Merger are represented in summary by enhancing competitiveness in the sector, improving operational efficiency, reducing expenditures, attracting and maintaining qualified human competencies, and other effects that are positively reflected on the Kingdom's economy, the financial sector, the insurance sector, the insured and the beneficiaries of insurance coverage. In addition, since the Merging Company will have a stronger capital, it will strengthen its ability to bear risks, absorb more insurance underwritings, and provide better insurance services to its clients. It is also expected that the new capital of the Merging Company will contribute to improving the capacity of the Merging Company to invest its funds and consequently raise the investment returns resulting from those investments. On the other hand, it is expected that the new capital of the Merging Company will contribute to obtaining a better evaluation by international financial rating agencies. In addition, due to the expected increase in the volume of business, the Merging Company will have a better ability to negotiate rates with the reinsurance companies.

The Board of Directors of the Shield Insurance Company believes that the Merging Company will be able to reduce the ratio of expenses to the total subscribed subscriptions, commensurate with the size of its new business, which will include the business of AlAhli Takaful Company. In addition, the Board of Directors of Shield Insurance Company believes that the Merging Company will be able in the long term to Offer more competitive rates to its customers in the insurance market, both in the individual and corporate sectors, when the business integration is completed.

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

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

For more information about the reasons and motives for the Merger, please refer to Section No. (2-10) "Motives for the Merger and the Implications for Arabian Shield Insurance Company" of this Circular.

It is worth noting that the Merger Transaction is endorsed and recommended by the Boards of Directors of Shield Insurance Company and AlAhli Takaful Company.

2-3 Overview of the Merger Transaction

The Offer submitted by Shield Insurance Company includes the Merger of AlAhli Takaful Company into Shield Insurance Company, the transfer of all assets and obligations of AlAhli Takaful Company to Shield Insurance Company in exchange for the issuance of Consideration Shares, in accordance with the rules and regulations issued by the Capital Market Authority (including the Merger and Acquisition Regulations and the Rules on the Offer of Securities and Continuing Obligations) and the Companies Law and in accordance with the conditions set forth below. If approval of the Transaction is approved by the required percentage of the shareholders of Shield Insurance Company and the shareholders of AlAhli Takaful Company during the Extraordinary General Assembly meeting of both companies, respectively, and in accordance with the conditions set out in this Offer Document, it will result in all the shareholders of AlAhli Takaful Company becoming new shareholders in Shield Insurance Company and they will own 37.36% of the total capital of Shield Insurance Company. AlAhli Takaful Company will become a company wholly owned by Shield Insurance Company, and all licenses issued to AlAhli Takaful Company will be canceled until the procedures for canceling the commercial registration of AlAhli Takaful Company are completed.

Based on the terms and conditions of the Offer shown in this Document and the terms and conditions of the Merger Agreement signed on 02/12/1442H corresponding to 12/07/2021G, between Shield Insurance Company and AlAhli Takaful Company, Shield Insurance Company Offered to merge with AlAhli Takaful Company and transfer all assets and liabilities of AlAhli Takaful Company to Shield Insurance Company in return for issuing Consideration Shares. It was agreed between the two boards of directors that the Transaction would take place on the basis of exchanging the shares of the two companies without any cash consideration, provided that the total shares to be issued by Shield Insurance Company to the shareholders of AlAhli Takaful Company would be (23,852,462) New Shares of the Shield Insurance Company, which constitutes a percentage of 37.36% of the total share capital of Shield Insurance Company after the capital increase. Note that the current capital of the Shield Insurance Company is (400,000,000) Saudi Riyals divided into (40,000,000) ordinary shares at a nominal value of (10) ten Saudi Riyals per share. After the increase, the capital of the Shield Insurance Company will become (638,524,620) Saudi Riyals and the number of its shares will be (63,852,462) ordinary shares.

The terms of the Merger were approved by the Board of Directors of Shield Insurance Company and the Board of Directors of AlAhli Takaful Company, including the agreed Swap Factor, that is, a number of (1.43114769137705) New Shares in Shield Insurance Company will be issued for the benefit of the shareholders of AlAhli Takaful Company for every single share owned in AlAhli Takaful Company.

The proposed increase in the capital of Shield Insurance Company for the purpose of the Merger is conditional on the approval of the shareholders of Shield Insurance Company during the Extraordinary General Assembly of Shield Insurance Company to increase its capital for the purpose of merging AlAhli Takaful Company in Shield Insurance Company, in addition to the approval of the shareholders of AlAhli Takaful Company during the meeting of the Extraordinary General Assembly on the Offer submitted by Shield Insurance Company. The New Shares in Shield Insurance Company will be issued in implementation of the Merger as fully paid-up shares. These shares will be equal in all related rights to the currently issued shares of Shield Insurance Company. The shares will also be acquired by the shareholders of AlAhli Takaful Company free from any mortgages, restrictions, fees, burdens, pre-emptive rights or other rights or interests of third parties, in addition to the fact that AlAhli Takaful Company shareholders will obtain all rights arising from the ownership of those shares, including the right to receive any dividends declared by Shield Insurance Company after completion of the Merger Transaction.

In the event that the Merger Transaction is approved by (1) the shareholders of Shield Insurance Company through approval of the statutory majority of the shareholders to increase the capital for the purpose of merging with AlAhli Takaful Company during the Extraordinary General Assembly meeting designated for this purpose, and (2) by the shareholders of AlAhli Takaful Company through approval of the statutory majority of the shareholders on the Offer of the Shield Insurance Company to merge during the Extraordinary General Assembly designated for this purpose,

Shield Insurance Company will increase its capital from (400,000,000) Saudi Riyals to (638,524,620) Saudi Riyals, through issuance of (23,852,462) new ordinary shares at a nominal value of (10) Saudi Riyals in favor of the shareholders of AlAhli Takaful Company who are registered in the last company's shareholder register at the end of the second day trading period after the entry into force of the Merger decision, (i.e., an average of (1.43114769137705) New Shares in Shield Insurance Company for each share owned in AlAhli Takaful Company). Accordingly, the ownership percentage of AlAhli Takaful Company shareholders will reach 37.36% of the capital of Shield Insurance Company after completion of the Merger Transaction and the capital increase.

Accordingly, and after implementation of the Merger decision and the issuance of the Consideration Shares to the shareholders of AlAhli Takaful Company in Shield Insurance Company in accordance with the above, the listing of AlAhli Takaful Company's shares in the Saudi Stock Exchange (Tadawul) will be canceled and all licenses issued to it will be cancelled, after which its commercial registry will be written off and it will expire and well as AlAhli Takaful Company will no longer exist.

It is expected that all of this will take place according to the anticipated timeline of major events, which is shown on page No. (g).

It should also be noted that the two companies will continue to use their names and trademarks during the implementation period of the Merger Transaction, provided that the name of the Shield Insurance Company remains unchanged after the completion of the Merger Transaction.

The following table (2-1) shows the details of ownership in Shield Insurance Company before and after the capital increase of the Merging Company and completion of the Merger Transaction.

Name	Before the capital increase - Shield Insurance Company			After the capital increase - Shield Insurance Company				
	Number of Shares (Directly Owned)	Direct Ownership Percentage	Indirect Ownership Percentage*	Total Ownership Percentage	Number of Shares (Directly Owned)	Direct Ownership Percentage	Indirect Ownership Percentage*	Total Ownership Percentage (Direct and Indirect)
Bahrain National Holding Company (a Bahraini joint stock company)	6,000,000	15.00%	None	15.00%	6,000,000	9.40%	None	9.40%
Prince Sultan Mohammed Saud Al Kabeer Al Saud**	5,700,000	14.25%	0.003%	14.25%	5,700,000	8.93%	0.002%	8.93%
Nasser Mohammed Hammoud Al-Mutawa Al-Otaibi***	2,850,000	7.13%	0.005%	7.13%	2,850,000	4.46%	0.003%	4.47%
Members of the Board of Directors and Senior Executives of Shield Insurance Company****	3,466	0.009%	21.40%	21.41%	3,466	0.005%	18.34%	18.34%
Saudi National Bank					7,155,738	11.21%	-	11.21%
Members of the Board of Directors and Senior Executives of ALAhi Takaful Company			None		-	-	-	-
Public	25,446,534	63.62%	N/A	N/A	42,143,258	66.00%	N/A	N/A
Total	40,000,000	100%	N/A	N/A	63,852,462	100%	N/A	N/A

Source: Shield Insurance Company

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

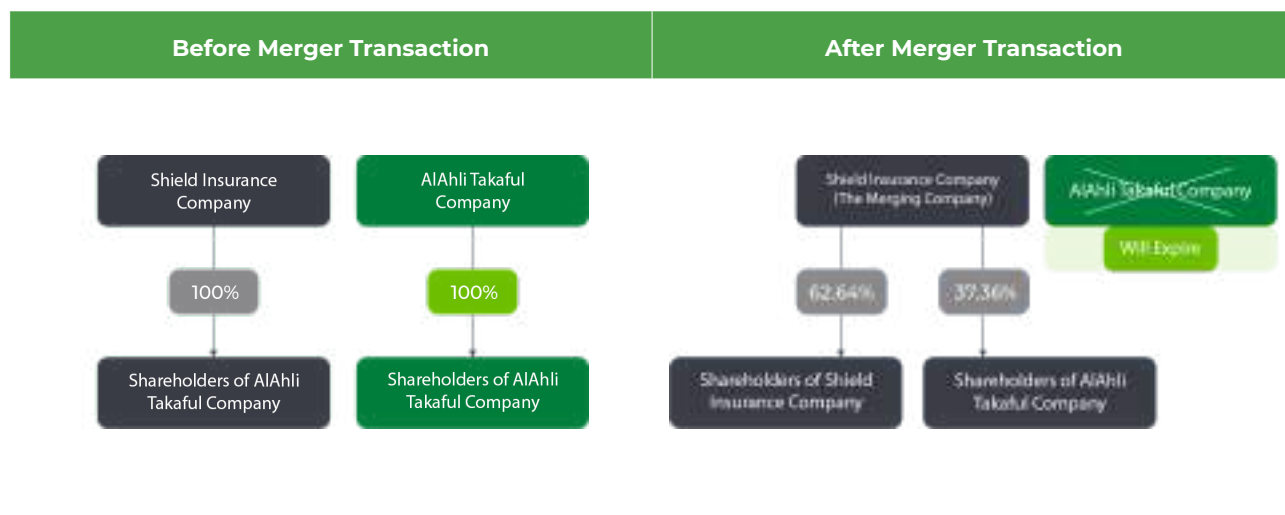
** The indirect ownership of Prince Sultan Mohammed Saud Al Kabeer Al Saud results from the direct ownership of his son, Prince Nayef Sultan bin Mohammed Saud Al Kabeer Al Saud (Chairman of the Board of Directors of Shield Insurance Company).

*** The indirect ownership of Nasser Mohammed Hammoud Al-Otaibi results from the direct ownership of his son Turki bin Nasser Al-Mutawa Al-Otaibi (Member of the Board of Directors of Shield Insurance Company). It is worth noting that the direct ownership of Nasser Mohammed Hammoud Al-Mutawa Al-Otaibi will decrease from (7.13%) to (4.46%) after the capital increase process, and therefore he will not become a Substantial Shareholder in the Shield Insurance Company after the capital increase process, and his direct ownership percentage will be calculated within public ownership. It is also worth noting that the ownership percentage of the existing Substantial Shareholders of Shield Insurance Company will decrease from 36.38% to 18.32% after the completion of the Merger Transaction.

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

The following table (2-2) illustrates a simplified model of the structure of the Merger Transaction:

Transaction Structure Model



2-4 Evaluation of Shield Insurance Company and AlAhli Takaful Company

After negotiation and discussion between Shield Insurance Company and AlAhli Takaful Company, the two companies agreed on the Swap Factor, which determines the number of shares that AlAhli Takaful Company shareholders will obtain in the Merging Company upon the implementation of the Merger Transaction. During this negotiation stage, Shield Insurance Company took the advice of its advisors in addition to reviewing the data of the professional due diligence related to the business of AlAhli Takaful Company and the implicit value of the protection and savings portfolio of AlAhli Takaful Company.

The discussions that took place on the Swap Factor were subject to the provisions of the memorandum of understanding signed between Shield Insurance Company and AlAhli Takaful Company on 29/08/1442H corresponding to 11/04/2021G. It was agreed between the two companies that in the event that a final decision is reached regarding the Merger Transaction, this will be done by merging AlAhli Takaful Company with Shield Insurance Company, by issuing New Shares to AlAhli Takaful Company shareholders in exchange for transferring the assets and obligations of AlAhli Takaful Company to Shield Insurance Company. It was also agreed between the two companies that the evaluation process would be as follows:

- The book value of the equity after making the adjustments that will be agreed upon according to the results of the professional due diligence examination, provided that the book value of the equity is based on the financial statements announced for each of the two companies before or on the date of signing the Merger Agreement. Accordingly, the book value of equity methodology (as published in the financial statements for the first quarter of 2021G) has been used, after making the necessary professional due diligence adjustments;
- The agreed upon implicit value of the protection and savings portfolio of AlAhli Takaful Company, and the implicit value is the sum of the discounted net future profits of the valid protection and savings policies only (and does not include future expectations related to the subscription of new protection and savings policies), and future administrative and general expenses, investment returns and the discount rate related to valid protection and savings policies are forecasted. AlAhli Takaful Company has 30,675 valid policies for the protection and savings portfolio (consisting of the following products: AlAhli Protection Program, AlAhli Retirement Program, AlAhli Education Program, AlAhli Marriage Program and AlAhli Ladies Program), which are long-term policies. It should also be noted that the reason for calculating a separate assessment of the implicit value of the protection and savings portfolio of AlAhli Takaful Company is that future fees will be paid by the subscribers to AlAhli Takaful Company during the (long-term) policy period, meaning that the implicit value of the protection and savings portfolio is not calculated within the book value of the equity, and therefore, a separate evaluation was carried out for it.
- The process of evaluating the implicit value of the protection and savings portfolio of AlAhli Takaful Company was carried out by Shamma Consulting Company, which is the company that was appointed by the Shield Insurance Company to carry out the necessary actuarial studies to determine the value of that portfolio. The implicit value of the protection and savings portfolio of AlAhli Takaful Company (the evaluation of the advisor of the Shield Insurance Company - Shamma Consulting Company) was evaluated at an amount of 39,470,021 Saudi Riyals. AlAhli Takaful Company also appointed another actuarial consultant to carry out the process of evaluating and calculating the implicit value of the protection and savings portfolio of AlAhli Takaful Company (Assessment of the advisor of AlAhli Takaful Company) in the amount of 51,041,179 Saudi riyals. Note that Shield Insurance Company does not currently have a long-term savings insurance portfolio (it only has a short-term protection insurance portfolio), and therefore it was not included in the evaluation process of Shield Insurance Company. It was agreed by Shield Insurance Company and AlAhli Takaful Company on the final implicit value approved in the evaluation of the protection and savings portfolio of AlAhli Takaful Company, an amount of 45,255,600 Saudi Riyals, through the average evaluation of the implicit value of the protection and savings portfolio of AlAhli Takaful Company by the evaluation of the advisor of Shield Insurance Company and the advisor of AlAhli Takaful Company.

The following table (2-2) shows the evaluation method and the calculation of the Swap Coefficient

In Saudi Riyals, except as otherwise noted			
As in the announced financial statements for the first quarter of 2021G	Shield Insurance	AlAhli Takaful	The Merging Company
a) book value of equity	480,821,000	254,012,000	
Adjustments to the book value of equity for Shield Insurance Company			
surplus technical reserves	29,459,000		
unused provision - for past and closed tax claims	6,100,000		
Shield Insurance's share of insurance contributions for the fiscal year 2020G (it was not recognized on the evaluation date (ie the first quarter of 2021), as the amount was received and recorded in the financial statements for the second quarter 2021G	4,700,000		
Reassessment of one of Shield Insurance Company's investments compared to what was recorded in the financial statements for the first quarter of 2021G	4,181,500		Not applicable
The amount that was approved to be calculated from the total amount of goodwill paid by Shield Insurance Company - upon its acquisition of the Arabian Shield portfolio (Bahrain) on 01/01/2009G	(23,397,000)		
b) Total adjustments to Shield Insurance Company (consisting of the due diligence adjustments and the inputs of the Arab Shield Insurance Company and AlAhli Takaful Company agreed upon by both parties)	21,043,500		
Adjustments to the book value of equity for AlAhli Takaful Company			
The financial and actuarial due diligence did not show any proposed amendments to the book value of the equity of AlAhli Takaful Company and accordingly no amendment was made			
The implicit value of the protection and savings portfolio of AlAhli Takaful Company			Not applicable
Assessment of the implicit value of the protection and savings portfolio of AlAhli Takaful Company (Assessment of the advisor of Shield Insurance Company - Shamma Consulting Company)		39,470,021	Not applicable
Assessment of the implicit value of the Protection and Savings Portfolio of AlAhli Takaful Company (Assessment of the Advisor of AlAhli Takaful Company)		51,041,179	Not applicable

In Saudi Riyals, except as otherwise noted			
As in the announced financial statements for the first quarter of 2021G	Shield Insurance	AlAhli Takaful	The Merging Company
c) Average valuation of the implicit value of the Protection and Savings Portfolio of AlAhli Takaful Company and approved in the valuation		45,255,600	Not applicable
Final assessment after due diligence adjustments and calculating the implicit value of the protection and savings portfolio	(A+B) 501,864,500	(A+C) 299,267,600	801,132,100
Ownership in the Merging Company (%)	62.64%	37.36%	100%
Number of Shield Insurance Company's currently issued shares (shares)			40,000,000
Number of AlAhli Takaful Company's currently issued shares (shares)			16,666,667
Swap Factor for every (1) share owned in AlAhli Takaful Company (figure)			1.43114769137705
Number of shares to be issued in favor of AlAhli Takaful Company shareholders (Shares)			23,852,462
Total number of shares of the Merging Company (after completion of the Merger Transaction) (shares)			63,852,462

Based on the Swap Factor mentioned above, Shield Insurance Company will increase its capital and issue (23,852,462) ordinary shares at a nominal value of (10) ten Saudi Riyals per share and registered in favour of the shareholders of AlAhli Takaful Company, with a total nominal value of (238,524,620) Saudi Riyals. The total market value of the Consideration Shares, based on the Swap Coefficient and on the closing price of Shield Insurance Company's share, amounting to (23.22) Saudi Riyals as on (11/07/2021G) (which is the last trading day preceding the date of the conclusion of the Merger Agreement) amounting to (553,854,168) Saudi Riyal. The total value of the Consideration Shares that will be reflected in the financial statements of Shield Insurance Company will be determined at a later time based on the closing price of Shield Insurance Company shares on the last trading day preceding the effective date of the Merger decision.

The following is a table showing the value of the consideration according to the share price of Shield Insurance Company and its comparison with the market value of AlAhli Takaful Company:

The number of shares that will be issued in favour of the shareholders of AlAhli Takaful Company	23,852,462 ordinary shares	
The total value of the consideration according to the closing price of the Shield Insurance Company on (11/07/2021G) (which is the last trading day prior to the date of concluding the Merger Agreement)	553,854,168 Saudi Riyals	<ul style="list-style-type: none"> Closing price of the Shield Insurance Company: (23.22) Saudi Riyals.
The total value of the consideration according to the closing price of the Shield Insurance Company on the date (14/11/2021G) (according to the nearest trading day before publishing the document)	593,926,304 Saudi Riyals	<ul style="list-style-type: none"> Closing price of the Shield Insurance Company: (24.90) Saudi Riyals.
Takaful Company on (11/07/2021G) (which is the last trading day prior to the date of concluding the Merger Agreement)	656,666,680 Saudi Riyals	<ul style="list-style-type: none"> Closing price for AlAhli Takaful Company: (39.40) Saudi Riyals. The number of shares currently issued in AlAhli Takaful Company (16,666,667) ordinary shares.
The market value of AlAhli Takaful Company on the date (14/11/2021G) (according to the nearest trading day before publishing the document)	725,833,348 Saudi Riyals	<ul style="list-style-type: none"> Closing price for AlAhli Takaful Company: (43.55) Saudi Riyals. The number of shares currently issued in AlAhli Takaful Company (16,666,667) ordinary shares.
The percentage difference between the market value of AlAhli Takaful Company on (11/07/2021G) (which is the last trading day prior to the date of concluding the Merger Agreement)	a decrease of about (15.66%)	
The percentage of the difference between the market value of AlAhli Takaful Company on the date (14/11/2021G) (according to the nearest trading day before publishing the document)	a decrease of about (18.17%)	

The following is a detailed table showing the method of calculating the Swap Coefficient:

Item	Clarification
Evaluation of the Merging Company (After Merger)	Assessment of AlAhli Takaful + Assessment of Shield Insurance
Shield Insurance Company's ownership percentage in the Merging Company (After Merger)	$\frac{\text{Final Assessment of Shield Insurance Company}}{\text{Assessment of the Merging Company (After the Merger)}}$
The percentage of ownership of AlAhli Takaful Company in the Merging Company (After Merger)	$\frac{\text{Assessment of AlAhli Takaful Company}}{\text{Assessment of the Merging Company (After the Merger)}}$
Number of shares held by Shield Insurance Company's current shareholders after Merger	As is before the Capital Increase, i.e., 40,000,000 shares
Number of New Shares for existing AlAhli Takaful Company shareholders	$\frac{\text{Number of shares held by Shield Insurance Company's current shareholders}}{\text{Shield Insurance ownership percentage in the merging company(after Merger)}} - \text{Number of shares held by Shield Insurance Company's current shareholders (after Merger)}$
Swap Factor (Coefficient) for every (1) share owned in AlAhli Takaful Company	$\frac{\text{Number of shares that will be issued to the shareholders of AlAhli Takaful for the purpose of Merger}}{\text{Number of shares in AlAhli Takaful Company before Merger}}$

2-5 Financing the Merger Transaction

Shield Insurance Company will not pay any cash consideration to the shareholders of AlAhli Takaful Company for the purpose of merging AlAhli Takaful Company into Shield Insurance Company and will not obtain any external financing to complete the Merger Transaction. The Offer will be in the Merger Transaction by issuing (23,852,462) new ordinary shares fully paid in Shield Insurance Company in favor of the shareholders of AlAhli Takaful Company in exchange for merging AlAhli Takaful Company in Shield Insurance Company at a nominal value of 10 Riyals per share for the benefit of the shareholders of AlAhli Takaful Company, meaning that (1.43114769137705) share will be issued in Shield Insurance Company for every single share owned in AlAhli Takaful Company. These shares will be registered in favor of the eligible AlAhli Takaful Company shareholders, and the New Shares issued as a result of the capital increase of Shield Insurance Company will be equal in value, classification and rights in all respects with Shield Insurance Company's currently issued shares.

In this context, the Board of Directors of the Shield Insurance Company confirms that no commission or payment of any value or any guarantee will be given on any securities in the Shield Insurance Company (whether incidental or not) in any way in the context of the Merger Transaction with AlAhli Takaful Company.

2-6 The Merger Agreement and Summary of Conditions for Completing the Merger Transaction

The Board of Directors of Shield Insurance Company and the Board of Directors of AlAhli Takaful Company entered into a Merger Agreement on 02/12/1442H corresponding to 12/07/2021G, (hereinafter referred to as the "Merger Agreement" and/or the "Agreement"). Special conditions for the implementation of the Merger Transaction in accordance with the steps, procedures and Swap Factor specified in this Offer Document, in addition to certain pledges and guarantees by the management of the two companies. The Merger Transaction will therefore be subject to the conditions set forth in the terms of the Merger Agreement mentioned below.

The following is a summary of the basic terms and conditions set out in the Merger Agreement, as follows:

2-6-1 Agreeing to Complete the Merger Transaction

AlAhli Takaful Company and Shield Insurance Company have agreed to complete the Merger Transaction between them in accordance with the terms set forth in the Merger Agreement and the applicable laws and regulations, and to Transaction in good faith in pursuit of all conditions and completion of all work necessary to complete the Merger Transaction. Each party agreed to do all the work and obtain licenses and approvals necessary to complete the aforementioned Merger Transaction, and accordingly it was agreed between Shield Insurance Company and AlAhli Takaful Company on the following:

- a. In return for the commitments of AlAhli Takaful Company stipulated in the Merger Agreement, Shield Insurance Company undertakes to prepare the Offering document (i.e. this Document) and circulate to the shareholders, and all documents and requests necessary to increase its capital (as detailed in Section 2-3 of this Document) as The Board of Directors of Shield Insurance Company is obligated to invite the Extraordinary General Assembly to convene - after fulfilling all the preconditions stipulated in the following in Section 2-6-3 of this Document - to vote on the following matters:
 - Completing the Merger Transaction within the terms stipulated in the Merger Agreement.
 - Approval of the capital increase and the issue of Consideration Shares as detailed in the shareholders' Circular and this Document (section 2-3), provided that the Extraordinary General Assembly of AlAhli Takaful Company approves Shield Insurance Company's Offer to merge with the regular majority (which is three quarters of the shares represented in the Extraordinary General Assembly meeting by the shareholders of AlAhli Takaful Company).
 - Approval of the registration of New Shares in the name of the shareholders of AlAhli Takaful Company (according to what is detailed in Section 2-3 of this Document), provided that the Extraordinary General Assembly of AlAhli Takaful Company approves Shield Insurance Company's Offer to merge with the statutory majority (which is three quarters of the shares represented in the Extraordinary General Assembly meeting by the shareholders of AlAhli Takaful Company).
 - Approval of the articles of association of the Merging Company, provided that the Extraordinary General Assembly of AlAhli Takaful Company approves the Offer of Shield Insurance Company to merge with the regular majority (which is three quarters of the shares represented in the Extraordinary General Assembly meeting by the shareholders of AlAhli Takaful Company).
 - Approval of increasing the number of the Merging Company's board of directors by adding two seats allocated to the two members nominated by AlAhli Takaful Company, as well as appointing the members of the executive management nominated by AlAhli Takaful Company (as detailed in Section 22-17 of this Document) and refraining from any action it would impede or prevent the appointment of any of the persons referred to in the above, provided that the Extraordinary General Assembly of AlAhli Takaful Company approves the Offer of Shield Insurance Company to merge with the regular majority (which is three quarters of the shares represented in the Extraordinary General Meeting by the shareholders of AlAhli Takaful Company).

- b. In consideration of Shield Insurance Company's undertakings set forth in the Merger Agreement, AlAhli Takaful Company undertakes– provided that all the preconditions stipulated in the Merger Agreement and detailed in Section 2-6-3 of this Document and pursuant to the publication of this Document – to complying with the timetable for the Merger process between Shield Insurance Company and AlAhli Takaful Company through:
- Publication of the Board of Directors' Circular recommending the shareholders of AlAhli Takaful Company to approve the Merger; and
 - Inviting the company's Extraordinary General Assembly to convene in order to vote on the Merger Transaction.

2-6-2 Warranties and Pledges

AlAhli Takaful Company pledged to Shield Insurance Company, and Shield Insurance Company pledged to AlAhli Takaful Company that the guarantees and mutual undertakings provided for in Schedule No. 2 are true, accurate and not misleading. Each of the two parties has pledged to the other, to compensate him for any damages, costs or burdens incurred by the other party due to the violation or breach of any of the pledges and guarantees mentioned, with the exception of the matters disclosed by the two parties in their respective disclosure regulations.

The two parties also stated their knowledge that the terms of the agreed Merger Agreement are based on the commitments and guarantees referred to above, which were granted based on legal due diligence studies conducted by the advisors of each party on the other company.

Each of the two parties undertakes to the other party to disclose any information or incidents that occurred or appeared after the date of signing the Merger Agreement that would result in a violation of any of the pledges and guarantees, according to a list of additional disclosures directed to the other party within a period of ten working days from the date of the occurrence of the incident or information alluded to. Disclosure of the facts shall spare the disclosed party from liability for breaching the guarantees and pledges in the following cases: (a) If the other party, after the disclosure and despite the disclosed facts, declares that he desires to proceed with the completion of the Transaction despite the financial impact of the facts disclosed to him and (b) in cases where the financial impact of the disclosed incidents by a professional valuer is estimated at a total amount of less than five million Saudi Riyals.

As for the cases (a) in which the financial impact resulting from a breach of any of the pledges and guarantees provided for in Annex 2 of the Merger Agreement, which is detailed in the following, by five million Saudi Riyals or more, or (b) in which the total financial impact resulting from a series of the violations of which, the value of each is not less than one million Saudi Riyals, five million Saudi Riyals or more, the breach of warranties and pledges is considered a material breach ("Significant Breach").

In the event of a material breach of guarantees and pledges, the affected party has the right to terminate the Merger Agreement and claim termination fees (detailed in the following (section 2-6-7 of this Document), provided that it exercises the right to terminate the agreement and claim termination fees within thirty working days from (a) The date of notification of the additional disclosure regulation, or (b) the date of discovering the violation complained of, at the risk of losing the right to terminate the aforementioned agreement and claim termination fees.

In the event that the two parties disagree about the value of the financial impact of the material breach, or if the party responsible for the material breach refuses to assess the affected party for the breach, the parties shall seek to find an amicable solution within five working days and if they are unable to reach a solution satisfactory to both parties, the parties shall appoint an independent expert to audit the dispute and issue a report that is final and binding on both parties. In the event that the two parties are unable to agree on naming the expert within a period of ten days, the party affected by the material breach has the right to resort to the Saudi Center for Commercial Arbitration to request the appointment of the expert in order to assess the value of the financial impact of the material breach.

In addition to the above, Schedule 2 of the Merger Agreement includes a number of guarantees granted mutually between Shield Insurance Company and AlAhli Takaful Company, whereby each company pledged to the other company that, except for what was expressly disclosed under the Disclosure Regulation, the following guarantees are accurate, valid, and not misleading as on the date of the Merger Agreement, and the guarantees referred to include the following:

2-6-2-1 Guarantees related to the Company:

- a. The company is a registered joint stock company and its shares are duly listed for trading in Saudi Tadawul.
- b. The company exercises its activities, taking into account the procedures and regulations in Saudi Arabia, particularly Saudi Central Bank systems. The company has received the necessary license to exercise insurance and reinsurance work in Saudi Arabia and this license is still valid and effective at the date of signature of the Merger Agreement.
- c. The company's bankruptcy or its branches has not been announced and/or no bankruptcy measures were established against the company and/or any of its branches.
- d. The chairman of the company's board of directors has been duly authorized and has the necessary powers to sign the Merger Agreement, and the signing of the Merger Agreement has been duly authorized by the competent authorities within the company.
- e. Except for the preconditions stipulated in the Merger Agreement, the signing of the Merger Agreement and the completion of the Merger Transaction are not constrained by fulfilling any condition and/or by the approval of any third person or government entity.
- f. The signing of the Merger Agreement does not, itself, constitute a violation of any regulations and/or any contractual provisions binding on the company.
- g. The company is not obligated to issue any securities or shares to any third person, except as stipulated in the Merger Agreement.
- h. The copies of the company's papers (including the Memorandum of Association, Articles of Association, licenses and Permissions) that have been disclosed are true and valid as on the date of signing the Merger Agreement.

2-6-2-2 Guarantees related to financial documents:

- a. The company's accounts and financial documents have been prepared in accordance with the general accounting principles applicable in the Kingdom of Saudi Arabia.
- b. The value of the company's fixed assets as shown in the financial documents is the lowest value after calculating the depreciation value.
- c. The accounts do not include unusual or recurring items
- d. The submitted financial documents reflect the company's burdens in a comprehensive, accurate and non-misleading manner as on the agreed accounting date (31/3/2021G)
- e. The submitted financial documents reflect the company's financial results in a comprehensive, accurate and non-misleading manner as on the agreed accounting date (31/3/2021G).
- f. The company has continued to conduct its business in a normal way since the agreed accounting date (31/3/2021G) and did not (a) incur any material losses, (b) incur any capital burdens and/or purchase any fixed assets except for what is within its scope of work (c) incur any encumbrances or waiver any material rights of any kind, (d) write off any assets with a value greater than a lump sum of five million Saudi Riyals, (e) financially obligate to a lump sum of more than five million Saudi Riyals or borrow an amount exceeding five million Saudi Riyals, (f) increase the entitlements, salaries or bonuses owed to any of its employees, or introduce any modification to the employee reward and incentive plan, (g) introduce any modification to the work or accounting systems, (h) amend the manner in which it Dealing with clients.

2-6-2-3 Guarantees related to the Company's Assets:

- a. The company owns all of its assets and there are no restrictions imposed on its ownership of these assets, and there are no mortgages or reservations based on any of them.
- b. The physical assets are under the control of the Company.
- c. The machinery owned by the company are in good condition and usable, and the company's rights over them are not restricted, and there are no mortgages or reservations based on any of them.
- d. The company does not own any real estate.
- e. The company operates its centers and offices under valid lease contracts that are not subject to any judicial disputes.

2-6-2-4 Guarantees related to the Company's Burdens:

The company does not have any burdens arising from any of the following acts or incidents:

- a. Any mortgages or reservations granted by the company during the exercise of its normal activity.
- b. Any pledges and guarantees granted by the company in the context of Transactions carried out by the company during the exercise of its normal activity.
- c. Any claims or rights owed to the company's shareholders
- d. Any real estate ownership or rights relating to real estate property,
- e. Any debts or financial obligations owed by the company in favor of creditors, including banks and lending institutions,
- f. Any claims made against the company by third persons,
- g. Any outstanding debts owed by the company.

2-6-2-5 Guarantees related to Tax Dues:

- a. The company has done as much as possible and as much as is legally required and within the imposed deadlines, all of the following:
 - Maintaining documents on tax and zakat declarations submitted by the company.
 - Submitting zakat and tax returns on their due dates.
 - Declaration of all taxable activities.
 - Pay all tax dues on time.
- b. The company is not a party to any existing tax dispute with any active tax department in the Kingdom of Saudi Arabia.
- c. There are no incidents that would impose additional tax burdens on the company.
- d. The company has fulfilled all its tax and social insurance obligations.

2-6-2-6 Guarantees related to the Company's Business:

- a. The company operates under its commercial name exclusively and does not use any other pseudonyms or names close to its official name.
- b. The company's business is managed exclusively by the company's managers and employees, and no third person has been assigned to run the company's business.
- c. The company is not a party to any unauthorized partnership.
- d. The company operates under valid licenses and permissions.
- e. The company does not engage in any activities other than insurance business licensed by the Saudi Central Bank to be carried out.
- f. Except as stated and disclosed, the company is not a party to any agreements with terms outside the ordinary.
- g. Except as stated and disclosed in the context of the legal audit process, the company is not a party to any agreements with related persons.
- h. The company is not in breach of any contractual obligations it has signed or complied with.

2-6-2-7 Guarantees related to the Company's Employees:

- a. The company was not obligated to pay any compensation in excess of the statutory compensation in the event of the termination of any of the work contracts signed with its employees.
- b. All labor claims have been disclosed.
- c. The Company does not owe any amounts, compensation or profits to its former or current directors or employees.

- d. The company is committed to the labor regulations and bylaws and has not committed any violations of the labor law provisions.
- e. There are no collective claims against the company.
- f. The company's employees and directors are not bound by any non-compete obligations towards former employers.
- g. The company did not violate any provisions related to the recruitment of workers and employees.

2-6-2-8 Guarantees related to retirement systems:

- a. With the exception of the obligation to pay compensation and end-of-service benefits in accordance with the provisions of the Labor Law, the company is not committed to any retirement system towards any of its employees or managers.

2-6-2-9 Guarantees related to insurance:

- a. The Company has entered into insurance policies to protect all material elements of its business and employees.
- b. The insurance policies concluded by the company are all valid and effective.
- c. The company did not receive any warnings from the reinsurers regarding the lifting of the insurance or its expiry.

2-6-2-10 Guarantees related to lawsuits and disputes:

- a. With the exception of what has been disclosed and with the exception of ordinary insurance claims, each of which does not exceed a total amount of five million Saudi Riyals, the company is not, as on the date of the Merger Agreement, a party to any existing dispute or threatened by any dispute, arbitration or judicial procedures, as plaintiff or defendant.
- b. No court rulings or orders were issued against the company.

2-6-2-11 Warranties related to information:

- a. All information disclosed and shared with the other party in the Merger Transaction or with his advisors is true, accurate, undivided and not misleading.
- b. All facts stated in the Merger Agreement with respect to the company, its business and financial condition, as well as the representations and guarantees given are true, accurate and not misleading.

2-6-2-12 Special guarantees:

- a. The company conducts its business in compliance with the laws and regulations in force in the Kingdom of Saudi Arabia.
- b. The company is committed to the provisions and requirements of the Anti-Money Laundering Regulation and has not violated any of its requirements or provisions.
- c. The Company is committed to data protection regulations and the sanctity of personal information.
- d. The company has all the rights and licenses necessary to use its electronic systems.
- e. During the past three years, the company has not experienced any continuous disruption of its business for more than five hours and/or any breaches of its cyber security and electronic systems.
- f. During the twelve-month period remaining to the date of signing the Merger Agreement, the company did not dispose of its intellectual property rights or sell these rights.
- g. The company is not a party to any disputes related to the infringement of intellectual property rights.

2-6-3 Preconditions

The parties agree that the completion of the Merger Transaction is subject to the fulfillment of the following preconditions:

- a. The approval or non-objection of the General Authority for Competition to the completion of the Merger Transaction;
- b. The approval or non-objection of the Saudi Central Bank to the completion of the Merger Transaction;
- c. The approval of the Capital Market Authority on a request to increase the capital of Shield Insurance Company by issuing New Shares to the shareholders of AlAhli Takaful Company for the purpose of implementing the Merger, including approval of the Offer Document and the shareholders' Circular, in accordance with the Merger and Acquisition Regulations and the rules for Offering securities and continuing obligations issued by the Market Authority finance; and
- d. The approval of Saudi Tadawul to the request to list the New Shares of Shield Insurance Company in accordance with the listing rules.

2-6-4 Undertakings and actions pending until the effective date of the Merger decision

The Merger Agreement referred to pending pledges and procedures with provisions must be adhered to until the Merger decision becomes effective, and they are as follows:

- Shield Insurance Company and AlAhli Takaful Company undertake that from the date of signing the agreement until the date on which the Merger decision becomes effective, they shall notify the other party in writing, under one or more additional disclosure letters, of any issue or circumstance that comes to the knowledge of the other party and that would render any of the provided guarantees incorrect, inaccurate, misleading, or likely to affect the willingness of the other party to proceed with the completion of the Merger Transaction in accordance with the terms stipulated in the Merger Agreement.
- Shield Insurance Company and AlAhli Takaful Company undertake that from the date of signing the agreement until the effective date of the Merger decision to inform the other party in writing and within 3 working days case any of the following events occur prior to the effective date of the Merger decision:
 - Distribution of any dividends (including interim dividends);
 - Entering into any new financing agreement or repaying any existing loan;
 - Entering into any new Dealing with related parties;
 - Entering into, amending or terminating an agreement, arrangement or material commitments in excess of (5,000,000) five million Saudi Riyals (including contracts concluded in the course of normal operations);
 - Incurring any capital expenditures or acquiring any assets whose value individually exceeds a total amount of (5,000,000) five million Saudi Riyals;
 - Making any material amendments to the terms and conditions of employment, including benefits to any of the Board members, executive directors, officers or employees, or the appointment or approval of the appointment of any of the senior executives;
 - The exit of any of the senior management and/or holders of executive positions
 - Creating any mortgage on any of its assets or pledges.
- Shield Insurance Company and AlAhli Takaful Company undertake that from the date of signing the agreement until the effective date of the Merger decision and/or termination of the Merger Agreement that:
 - No action (whether directly or indirectly) will be taken to enter into any discussions or negotiations with any other person or entity regarding a Merger or any other similar process, or do any work or take any action to the contrary, including but not limited to, the Board of Directors making a recommendation to the shareholders regarding another Offer that is competing or in conflict with the terms of the Offer Document and/or the Merger Agreement and/or any of the documents related to the Merger Transaction;
 - Full cooperation will be shown with the other party in the fastest and most effective way in relation to submitting the files, advertisements and requests required to obtain all approvals, permits, letters of non-objection, or other similar approvals as required by the laws of the Kingdom of Saudi Arabia, or the competent government authorities to complete the Merger Transaction in accordance with the terms and conditions of the Merger Agreement. Pursuant to the foregoing, each party shall cooperate with the

other party's requests to inform it of the status of any files, requests or any communications related to the Merger Transaction, and any other inquiries or requests for additional information from or to any competent governmental entity within the Kingdom of Saudi Arabia.

- Both Shield Insurance Company and AlAhli Takaful Company undertake that, as of the date of signing the Agreement, neither party shall take any action that would result in a breach of any of the guarantees given by it, and/or allow any other person to do such an act and/or omission Forced to disclose the occurrence of such an act.
- Shield Insurance Company and AlAhli Takaful Company undertake that, during the period extending from the date of signing the Merger Agreement and the date on which the Merger decision comes into force, any of the parties shall not make any changes or take any decisions that, collectively and individually, would lead to a negative impact on its business or assets or reputation.
- Shield Insurance Company and AlAhli Takaful Company undertake to refrain, during the period extending from the date of signing the Merger Agreement and the date of the Merger decision becoming effective, from disposing of any of its assets, or acquiring or agreeing to take possession of the assets of the other party, except for what is within the normal Transactions or what is included within the scope of the Merger business.
- Shield Insurance Company and AlAhli Takaful Company undertake to conduct their business, during the period extending from the date of signing the Merger Agreement and the date of the Merger decision becoming effective, in the usual manner and to refrain from carrying out any business outside the normal business without obtaining the prior written consent of the other party, and to refrain from causing any deterioration in assets, except for what enters in the regular works.
- Both Shield Insurance Company and AlAhli Takaful Company undertake that, from the date of signature until the date of the Merger taking effect, neither party may provide a mortgage or issue approval to grant a mortgage on any of its assets.
- Shield Insurance Company and AlAhli Takaful Company undertake that neither of the two parties may do or omit to do or cause any act or incident that may adversely affect the state of the assets or its financial condition. Both parties must take care to take all precautionary measures to prevent the commission or occurrence of such an incident. Without prejudice to the foregoing, both parties undertake to renew and ensure the continued validity of all licenses and permits necessary to continue operating as of the date of signing the Merger Agreement.
- Shield Insurance Company and AlAhli Takaful Company undertake that neither of the parties may, unless at the request of the Saudi Central Bank, terminate or do anything that would put an end to any of the reinsurance agreements signed by it or any of insurance policies, insuring its assets and liabilities. In the event that any of the aforementioned agreements and/or insurance policies expire or are expected to expire before the effective date of the Merger, the relevant party must make every effort, in cooperation with the other party and after consulting with it, to renew or replace it with contracts or policies provide coverage similar to that provided by contracts and/or expired policies referred to in the foregoing.
- Shield Insurance Company and AlAhli Takaful Company undertake that each party shall continue to conduct its business in a normal manner and as usual, and shall not carry out any business outside its usual scope of activity without obtaining the prior, written and explicit consent of the other party. Also, neither party shall be allowed to exhaust net assets except in a manner consistent with its normal business.
- Shield Insurance Company and AlAhli Takaful Company undertake that, representatives and advisors of the other party shall be allowed access to the books, records, information and documents necessary to complete the due diligence as necessary to complete the Merger Transaction.

2-6-5 Enforcement of the Merger Agreement

On the date of signing the Merger Agreement, each party undertakes to sign the following documents and deliver to the representative of the other party:

- a. Documents that Shield Insurance Company should sign and deliver to the representatives of Ahli Takaful Takaful Company:
 - Signed copy of the Merger Agreement,
 - Signed copy of the disclosure list and its attachments,
 - A copy of the minutes of the Board of Directors meeting agreed to sign the Merger Agreement.

- b. Documents that AlAhli Takaful Company shall sign and deliver to the representatives of the Shield Insurance Company:
- Signed copy of the Merger Agreement,
 - Signed copy of the disclosure list and its attachments,
 - A copy of the minutes of the Board of Directors meeting agreed to sign the Merger Agreement.
 - A copy of the minutes of the Board of Directors meeting approving the value of the termination fees is fair and not exaggerated and therefore enter into the interest of Ahli Takaful Company pursuant to the provisions of item (a) of Article 36 of the Merger and acquisition list.

For the purpose of completing the Merger Transaction, each of Shield Insurance Company and AlAhli Takaful Company shall therefore:

- Register the New Shares issued by Shield Insurance Company in favour of the shareholders of AlAhli Takaful Company in return for transferring all the assets and obligations of AlAhli Takaful Company to Shield Insurance Company based on the agreed Swap Factor. The shareholders in AlAhli Takaful will not receive any cash due to the result of the Merger Transaction. If the process of calculating the number of shares due to any of AlAhli Takaful shareholders based on the Swap Factor, results in share fractures, they will be rounded to the less integer number. The shares will be collected and sold in Saudi Tadawul at the market price at the time, on behalf of the shareholders of Ahli Takaful. Then the proceeds of the sales process will be distributed to its beneficiaries, during a maximum period of thirty (30) days from the date of completion of the Merger Transaction. Costs related to the sale of share fractures will be deducted from the total proceeds of this sale.
- Transferring all assets and obligations of AlAhli Takaful Company to Shield Insurance Company in exchange for the registration of the new issued shares by Shield Insurance Company for the benefit of the shareholders of AlAhli Takaful Company, and the date of registration of the shares in favour of the shareholders of AlAhli Takaful Company shall be considered the effective date of the Merger decision.
- Holding a board of directors meeting to take all the decisions stipulated in the Merger Agreement.
- Shield Insurance Company and AlAhli Takaful Company, from the date of signing of the Merger Agreement until the entry of the Merger decision into force, shall make reasonable efforts for (A) Completing all tax, zakat and value-added tax returns to the Zakat, Tax and Customs Authority (B) Processing all zakat assessments (with the Zakat, Tax and Customs Authority) and (C) Obtaining final zakat and tax certificates from the Zakat, Tax and Customs Authority covering the periods subject to tax and zakat expiring on the effective date of the Merger.

2-6-6 Termination of the Merger Agreement

In the event that any of the pre-conditions are not fulfilled by the date specified as a maximum for the completion of the Transaction on 10/04/2022C, and unless otherwise agreed between the two parties, the Merger Agreement will be legally terminated and the termination provisions detailed in the following shall apply to it.

The Merger Agreement may be terminated at any time prior to the completion date in the following cases:

1. Based on the joint and written approval of Shield Insurance Company and AlAhli Takaful Company to terminate the Merger Agreement.
2. By either party, in the event that the other party commits a material breach of the guarantees and covenants given in the Merger Agreement as detailed in the foregoing Section 2-6-2 of this Document.
3. By either party, in the event that the other party breaches its obligations to refrain from soliciting, encouraging or engaging in any discussions or negotiations with any company or other party in connection with another Merger or similar Transaction, or to take any other action that may affect the ability of the two companies to complete the current Transaction.
4. By either party, in the event that the other party breaches any of its obligations during the period between the date of signing the Merger Agreement and the completion of the Transaction as detailed in Section 2-6-4 above.
5. By either party, in the event of a material adverse change as detailed below in Section 2-6-7 of this Document.

6. By either party, in the event that the other party breaches any of its obligations or obligations stipulated in the Merger Agreement without correcting the aforementioned violation within a period of 30 days from the date of notification thereof.
7. By either party, upon written notice to the other party in any of the following cases:
 - Issuance of a system that makes the continuation of the Merger or Transaction illegal or not allowed.
 - In the event of any situation or circumstance constituting a force majeure beyond the control of either company (including but not limited to a revolution, war, civil unrest, riot, terrorist attack, public enemy act, blockade, embargo, sabotage, threat to incite war, cut diplomatic relations, fire, explosion, storm, hurricane, flood, earthquake, dormancy, epidemic or other natural disaster, and power outage) and the effects of this force majeure continue for a period of time not less than two months.
 - In the event of a judgment, judicial order, decree, or decision issued by any governmental authority, court, or any regulatory body that has jurisdiction, stipulating not to continue the Merger between the two companies, and such judgment, order, or decree shall be final and not subject to objection.

The right to terminate the Merger Agreement shall be exercised in all the cases referred to above within sixty working days from the date of discovering the occurrence of the circumstance leading to the termination. In the event that the right of termination is not exercised within the period referred to above, the aggrieved party shall be deemed to have waived the right of termination.

Upon termination of the agreement, the mutual obligations of the parties stipulated in the Merger Agreement shall cease, with the exception of the following:

- a. Termination fee must be paid
- b. Claims arising before the date of the termination or which caused the termination of the Merger Agreement.

In the event of termination of the Merger Agreement, the two parties undertake to cooperate in good faith with a view to cancelling any agreements, licenses or approvals signed or obtained with the aim of completing the Transaction.

2-6-7 Negative Material Change

- a. A negative material change is any event, incident, series of events or incidents that lead to any of the following results. For AlAhli Takaful Company, a decrease of 15% or more from the final evaluation of the company based on the approved evaluation method, which is detailed in Section 2-4 of this Document.
- b. For Shield Insurance Company, a decrease of 15% or more from the final evaluation of the company based on the approved evaluation method, which is detailed in Section 2-4 of this Document.

In the event of any negative material change to the business of AlAhli Takaful Company or to the business of Shield Insurance Company, the following provisions shall apply:

- In the event that either of the parties finds that (or is likely to occur) any negative material change before the effective date of the Merger decision, the other party must be immediately notified of that. Accordingly, representatives of the two companies shall meet to discuss the circumstances and basis for the negative material change, within a period not exceeding 10 (ten days) from the date of the notification. In the event that the representatives of the two companies do not agree that the event or circumstance constitutes a negative material change, the two parties shall appoint an independent expert from among the first four international auditing firms (the "expert") and assign him the task of the expert and not the arbitrator, in order to reconsider the prevailing circumstances and issue a final decision/report. It is binding on the parties about the realization or non-realization of the material negative effect. As for the cost of appointing the expert, it shall be borne by both parties, and in the event that a material change has not occurred, the party who made its occurrence shall compensate the other party for the costs incurred. In the event that the representatives of the two parties are unable to agree on the appointment of the expert, the party reporting the negative material change has the right to resort to the Saudi Center for Commercial Arbitration with the aim of appointing the expert, provided that the center's decision is binding on both parties for this aspect.

- In the event of a negative material change being finally and definitively confirmed by the appointed expert, the following provisions shall apply:
 1. Both parties may agree to proceed with the Transaction in accordance with the terms of the Merger Agreement, regardless of the negative material change at one of the two companies; or
 2. The party not affected by the negative material change may terminate the Merger Agreement and require the other party to pay the termination fee immediately.
 3. Without prejudice to the right of the aggrieved party to terminate the Merger Agreement and to claim termination fees in accordance with the foregoing, the two parties have the right to renegotiate the terms of this agreement as required by the prevailing circumstances.

The right to terminate the agreement and to claim termination fees in accordance with the previous clause is exercised within a period of (30) thirty working days from the date of notification of the occurrence of the negative material change or within (30) thirty working days from the date of the issuance of the final expert report, under pain of losing the right and considering the aggrieved party waiving his right to terminate the agreement and to claim termination fees.

2-6-8 Force Majeure

In the event of delaying, preventing or limiting the ability of a party to fulfill any of the obligations imposed on it under the Merger Agreement due to the occurrence of force majeure in a way that makes it impossible to fulfill any of the obligations laid down, the mentioned party is temporarily exempted from performing the obligation affected by the force majeure and this party is not considered in violation of the terms of the agreement or liable to the other party for the delay occurred throughout the duration of the force majeure, provided that the party affected by the force majeure:

- a. has notified the other party, by written notice, of the occurrence of force majeure, specifying its nature and effects;
- b. has taken all necessary measures to avoid the effects of force majeure.

The obligations of the party not affected by the force majeure shall be deemed suspended for a period equivalent to the period of the obligation suspension of the party affected by the force majeure.

In the event that the effects of force majeure persist for two consecutive months, the party not affected by it has the right to terminate the Merger Agreement by written notice to the other party.

2-6-9 Termination Fee

In return for AlAhli Takaful Company's approval to allocate resources and incur expenses and burdens in order to achieve its interest in achieving the Transaction, Shield Insurance Company undertakes to pay the specified termination fees in the amount of 3,750,000 (three million seven hundred and fifty thousand Saudi Riyals) to AlAhli Takaful Company within a maximum period of five working days from the date of AlAhli Takaful Company's claim in the following cases:

- a. In the event that the Board of Directors of Shield Insurance Company decides not to recommend to the company's shareholders to vote in favor of completing the Transaction, or decides to withdraw its recommendation in this regard, or to fundamentally modify it from what is specified in the shareholders' Circular, or to amend the Offer submitted to the shareholders of AlAhli Takaful Company in accordance with the conditions set forth in the Offer Document.
- b. In the event that Shield Insurance Company fails to take the necessary steps to enforce the Merger Transaction within a period not exceeding the final enforcement date agreed upon under the agreement (10/04/2022G), with the exception of the steps that the Board of Directors of AlAhli Takaful Company agreed not to take.
- c. In event that Shield Insurance Company breaches any of the obligations imposed on it during the period between the date of signing the Merger Agreement and the completion of the Transaction, which is detailed in Section 2-6-4 of this Document, causing the Offer to be withdrawn or expired.

- d. In the event that Shield Insurance Company causes the withdrawal or expiration of the Merger Offer submitted by the shareholders' Circular and the Offer Document.
- e. In the event that AlAhli Takaful Company decides to terminate the Merger Agreement due to the occurrence of a negative material change in the business of Shield Insurance Company or the latter company committing a fundamental breach of the guarantees and undertakings.

In return for Shield Insurance Company's approval to allocate resources and incur expenses and burdens in order to achieve its interest in achieving the Transaction, AlAhli Takaful Company undertakes to pay the specified termination fees in the amount of 3,750,000 (three million seven hundred and fifty thousand Saudi Riyals) to Shield Insurance Company within a maximum period of five working days from the date of Shield Insurance Company's claim in the following cases:

1. In the event that the Board of Directors of AlAhli Takaful Company decides not to recommend to the shareholders of the company to vote in favor of completing the Transaction, or decides to withdraw its recommendation in this regard or to fundamentally modify it from what is specified in the Circular of the Board of Directors of AlAhli Takaful Company.
2. In the event that AlAhli Takaful Company fails to take the necessary steps to implement the Merger Transaction within a period not exceeding the final enforcement date agreed upon under the agreement (which is (10/04/2022G), with the exception of the steps that the Board of Directors of Shield Insurance Company agreed not to take.
3. In the event that AlAhli Takaful Company breaches any of its obligations during the period between the date of signing the Merger Agreement and the completion of the Transaction, which is detailed in Section 2-6-4 of this Document, causing the Offer to be withdrawn or expired.
4. In the event that AlAhli Takaful Company violates the provisions of Clause (A) of Article 36 of the Acquisition and Merger Regulations.
5. In the event that AlAhli Takaful Company decides to terminate the Merger Agreement due to the occurrence of a negative material change in the business of Shield Insurance Company or the latter company committing a fundamental breach of the guarantees and undertakings.
6. Failure to complete the Transaction due to AlAhli Takaful Company's breach of its obligations towards the creditors during the creditors' objection period.

The parties agree that in the event that the termination fee is paid pursuant to the foregoing clauses, the paying party shall be released from any additional amounts that may be due as a result of the termination of the Agreement.

2-6-10 Advertisements and Confidentiality Obligation

a- Obligation to refrain from advertising:

Except as required by the applicable regulations or what is agreed upon under this agreement, the parties undertake to refrain from making any statements related to the Merger Agreement or the Transactions of AlAhli Takaful and Shield Insurance Company of any kind and to any party including the press or the public without obtaining the written consent of the other party, with the exception of the following announcements:

- Advertisements issued in the ordinary course of business; and
- Advertisements not directly related to the Merger Transaction.

b- Confidentiality Obligation

The two parties are obligated to maintain the confidentiality of the information exchanged during the negotiation of the Transaction, with the exception of the following information:

- Information that is publicly available or becomes publicly available without breach of the confidentiality requirement set forth in the Merger Agreement
- Information received by one of the parties from a third person without the latter committing any breach or violation in order to obtain it,

- Information required to be disclosed under the applicable regulations or by the competent authorities,
- Information disclosed with the consent of the other party,
- Information that is disclosed to the consultants to the extent necessary to allow the disclosing party to exercise its rights under the Merger Agreement.

The obligation of confidentiality shall remain in effect for a period of two calendar years after the termination of the Merger Agreement.

2-6-11 The entire agreement

The Merger Agreement, with all its clauses and attachments, constitutes the entire agreement between the two parties and it supersedes any previous agreements between the two parties, including the memorandum of understanding signed between the two parties on 11/04/2021G.

2-6-12 Declarations

Each of the parties acknowledges that by signing the Merger Agreement, it does not rely on any guarantees granted to it and will not have any rights from any person who is not a party to the Merger Agreement. Without excluding any rights or claims required in the event of fraudulent maneuvers.

2-6-13 Severability

In the event that any of the terms of the Merger Agreement is found to be invalid or void, it shall be separated from the rest of the agreement, which shall remain in effect with all its provisions.

2-6-14 Assignment

Neither party may assign its rights to any third person without obtaining the written consent of the other party.

2-6-15 Non-waiver of the Right to Claim

The delay of any party to claim any of its rights or implement any of the provisions of the Merger Agreement shall not be deemed a waiver by the mentioned party of its right to claim the rights and/or enforce the aforementioned provisions.

2-6-16 Applicable Law

The Merger Agreement shall be governed by and interpreted in accordance with the laws in force in the Kingdom of Saudi Arabia. In the event of any dispute arising between the two parties regarding the Merger Agreement, they must make every effort to settle the dispute amicably. In the event of failure to reach an amicable solution to the dispute, within thirty days from the date of notification of the occurrence of a dispute, either party has the right to refer the dispute to arbitration by a single arbitrator. The arbitrator must be a lawyer with no less than ten years of experience in the insurance sector. In the event that the two parties are unable to agree on a person as the arbitrator, the dispute shall be referred to an arbitration committee of three arbitrators, each party appointing one of them while the third is appointed by the arbitrators appointed by the parties to head the arbitration committee. The place of arbitration is Riyadh, the language of arbitration is Arabic, and the arbitral award is final, binding and not subject to appeal.

2-6-17 Governance of the Merging Company

The two companies agreed on the proposed changes to the board of directors after the completion of the Merger Transaction, which is the continuation of the current six members of the Shield Insurance Company in their mandate as members of the board of directors provided that the articles of association are amended to increase the number of board members of the Merging Company to 8 members (Annex 1 of this Document), by adding two additional members to the board to be appointed by the Merging Company after the completion of the Merger Transaction (representing the shareholders of AlAhli Takaful Company), provided that the members be appointed after obtaining the approval of the Saudi Central Bank and after obtaining the approval of the ordinary general assembly of the Merging Company on the appointment. It is worth noting that the members of the Board of Directors will be increased after obtaining the approval of the shareholders in the Extraordinary General Assembly of the Shield Insurance Company on the decision of the Merger Transaction and other related decisions, in addition to the necessary regulatory approvals. The Merger Agreement referred to the nomination of two members representing the shareholders of AlAhli Takaful Company, Dr. Mohammed Al-Kinani - an independent member, and Mr. Omar Sufian Yassin.

The current members of the Board of Directors of the Shield Insurance Company are as follows:

1. Prince/ Nayef Sultan bin Mohammed Al Saud, Chairman of the Council
2. Mr. Samir Al-Wazzan, Vice-President
3. Mr. Turki Nasser Al-Otaibi, Member of the Board
4. Mr. Abdullah Abdulrahman Al-Obaikan, Member of the Board
5. Mr. Raed Ali Al-Seif, Member of the Board
6. Mr. Mohammed Ahmed bin Ali, Member of the Board

After the completion of the Merger, Prince Nayef Sultan bin Mohammed Al Saud will remain as Chairman of the Board of Directors and Mr. Samir Al-Wazzan as Vice Chairman. As for the executive management of the Merging Company, the following table shows the position and representation by Shield Insurance Company and AlAhli Takaful Company

Name	Position in the Merging Company	current position
Basil Al-Abdulkarim	chief executive officer	Chief Executive Officer - Shield Insurance Company
Abdul Rahman Al Ebra	Executive Vice President	Chief Executive Officer - AlAhli Takaful Company
Mohamed Atef Abdel Latif	Financial Manager	Director of Strategic Planning - Shield Insurance Company
Mohamed Aqeel	Head of Information Technology	Operations Manager - AlAhli Takaful Company

Noteworthy, the Merging Company will absorb all employees of AlAhli Takaful Company, without imposing any compulsory layoff, and will benefit from the capabilities and expertise of the employees of AlAhli Takaful Company in the Merging Company according to the needs of the business Merger process and the integration plan.

2-6-18 Summary of the Conditions for Concluding the Merger Transaction

The Merger Transaction is subject to the following conditions:

1. Obtaining the General Competition Authority's no objection to the economic concentration resulting from the Transaction, the Saudi Central Bank's no-objection to the Merger Transaction and the capital increase of Shield Insurance Company, and the approval of the Capital Market Authority on the request for registration and Offering of shares to increase the capital of Shield Insurance Company, approval to publish the Offer Document, and Tadawul's approval of a request to list the New Shares of Shield Insurance Company in Tadawul in accordance with the listing rules.
2. The commitment of the Board of Directors of Shield Insurance Company, the Board of Directors of AlAhli Takaful Company and the executive offices on all provisions of the Merger Agreement, and not to be terminated by any of the two companies in the event of the occurrence of any of the five cases of material negative change described in Section No. 2-6-2 above, and not to breach any clause of the Merger Agreement, and compliance with all applicable laws and regulations in the Kingdom.
3. The approval of the Extraordinary General Assembly of Shield Insurance Company on (1) the terms and conditions of the Transaction, (2) the capital increase of Shield Insurance Company by issuing (23,852,462) New Shares for the benefit of all shareholders of AlAhli Takaful Company, and (3) the adoption of the amended articles of association for Shield Insurance Company, and (4) authorizing the Board of Directors of Shield Insurance Company to take all necessary measures to complete the Transaction. It should be noted that the Merger and Acquisition Regulations stipulated to complete the merger, without prejudice to the provisions of the Companies Law, to be approved by a number of shareholders in the merging and merged company owning at least 75% of the shares represented during the Extraordinary General Assembly meeting, whether the first or second or third, either in person or by proxy, or by remote voting.
4. The approval of the Extraordinary General Assembly of AlAhli Takaful Company on (1) the Offer submitted by Shield Insurance Company in relation to the Merger Transaction and (2) the acquisition of shares in Shield Insurance Company in implementation of the Merger Transaction, through an exchange of securities amounting to (1,431,476,913,770,5) shares in Shield Insurance Company for each share owned in AlAhli Takaful Company without paying any cash consideration, and (3) authorizing the Board of Directors of AlAhli Takaful Company to take all necessary measures to complete the Transaction. It should be noted that the Merger and Acquisition Regulations stipulated for the completion of the Merger, and without prejudice to the provisions of the Companies Law, to be approved by a number of shareholders in the merging and Merging Company owning at least 75% of the shares represented during the Extraordinary General Assembly meeting, whether the first or second or third, either in person or by proxy, or by remote voting.
5. The expiry of the Creditors' Objection Period without any of the creditors submitting to AlAhli Takaful Company an objection to the Merger Transaction, or if any of the creditors submitted an objection during the aforementioned period, AlAhli Takaful Company paying the debt if it was immediate, or by providing a sufficient guarantee to fulfill it if it was to be paid later.
6. Completion of the Transaction before the final enforcement date agreed upon in the Merger Agreement, which is (10/04/2022G), unless both Shield Insurance Company and AlAhli Takaful Company agreed in writing to extend the date of completion of the Transaction.
7. The failure of the Board of Directors of AlAhli Takaful Company - during the Offer period (or before the beginning of the Offer period if the Board of Directors of AlAhli Takaful Company has a reason to believe that a real Offer is imminent) – in any of the following without the approval of the General Assembly of the shareholders of AlAhli Takaful Company: (1) the issue of any authorized unissued shares, or (2) the issuance or granting of rights in connection with any unissued shares, or (3) the creation, issuance or authorization of the creation or issuance of any securities convertible into shares or subscription rights to shares, or (4) Selling, disposing of, or acquiring, or agreeing to sell, dispose of or acquire any assets of a value equal to 10% or more of the net assets of AlAhli Takaful Company according to the latest reviewed interim financial statements or audited annual financial statements, whichever is most updated, whether through a single Transaction or several Transactions, or (5) the purchase of its shares by AlAhli Takaful Company, or (6) the conclusion of contracts outside the framework of the normal activity of AlAhli Takaful Company.
8. The failure of any court, regulatory authority, commission, or governmental institution in the Kingdom to take, or demand to take, any action, or propose an amendment to the regulations, laws, or procedures after the date of the announcement, which would make the implementation or continuation of the Merger or Transaction illegal or not allowed.

2-7 Statutory Approvals Required to Complete the Merger Transaction

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

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

2-8 Extraordinary General Assembly Meetings

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

2-8-1 Extraordinary General Assembly Meetings of Shield Insurance Company

First meeting:

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

Second meeting:

In the event that the quorum required for the first Extraordinary General Assembly of Shield Insurance Company is not achieved, a second meeting of the Extraordinary General Assembly of the company will be called (the "Second Extraordinary General Assembly of Shield Insurance Company"). The second meeting may be held an hour after the end of the period specified for convening the first meeting, provided that the invitation to hold the first meeting includes evidence of the possibility of holding this second meeting. In this second meeting, the quorum is achieved by the presence of a number of shares representing a quarter of the capital of Shield Insurance Company, either in person, by proxy, or by remote voting. In the event that the Transaction is approved by a vote of the shareholders owning at least three quarters of the shares represented in the Extraordinary General Assembly of the Shield Insurance Company, either in person or by proxy, or by remote voting, the Merger Transaction will be

considered approved by the Shield Insurance Company. The capital increase will be approved, provided that this increase becomes effective after the approval of the Extraordinary General Assembly of AlAhli Takaful Company to approve the Merger Offer and after the elapse of the Creditors' Objection Period or the settlement of all creditors' objections to the Merger Transaction (whichever comes later) in accordance with the provisions of the Companies Law.

Third meeting:

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

Shareholders of Shield Insurance Company who are unable to attend in person the Extraordinary General Assembly of Shield Insurance Company (or the second or third meeting of the Extraordinary General Assembly if necessary), can vote remotely according to the mechanism described in Section 2-8-3 of the Offer Document or delegate another person to vote on their behalf at the meeting. It is also worth noting, based on the provisions of clause fourth of Article (191) of the Companies Law, that a shareholder who owns shares in both Shield Insurance Company and AlAhli Takaful Company is not entitled to vote on the Merger decision except in the Extraordinary General Assembly of one of the two companies.

2-8-2 Extraordinary General Assembly of AlAhli Takaful Company

First meeting:

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

At this meeting, the Transaction will be approved in the event of a vote in its favor by AlAhli Takaful Company shareholders who own at least three-quarters of the shares represented at the meeting, either in person, by proxy, or by remote voting. The Merger Transaction will be considered effective after the elapse of the Creditors' Objection Period or the settlement of all the creditors' objections to the Merger Transaction (whichever comes later), and after the issuance of the Consideration Shares in favor of the eligible AlAhli Takaful shareholders.

Second meeting:

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

the settlement of all the creditors' objections to the Merger Transaction (whichever comes later), and after the issuance of the Consideration Shares in favor of the eligible AlAhli Takaful Company shareholders.

Third meeting:

In the event that the quorum required to hold the second Extraordinary General Assembly of AlAhli Takaful Company is not achieved, a third meeting of the Extraordinary General Assembly of the company will be called ("The Third Extraordinary General Assembly of AlAhli Takaful Company") after obtaining the approval of the Capital Market Authority. The quorum is achieved in this meeting, regardless of the number of AlAhli Takaful Company shareholders represented therein, either in person, proxy, or by remote voting. At this third meeting, the Transaction will be approved in the event of a vote in favor of it by AlAhli Takaful Company shareholders who own at least three-quarters of the shares represented in this meeting, either in person or by proxy, or by remote voting. The Merger Transaction will be considered effective after the end of the Creditors' Objection Period or the settlement of all the creditors' objections to the Merger Transaction (whichever comes later) and after the issuance of the Consideration Shares in favor of the eligible AlAhli Takaful shareholders.

AlAhli Takaful Company shareholders who are unable to attend in person the meeting of the Extraordinary General Assembly of AlAhli Takaful Company (or the second or third meeting of the Extraordinary General Assembly if necessary) may vote remotely or delegate another person to vote on their behalf at the meeting. It is also worth noting and based on the provisions of Clause of Article (191) of the Companies Law, a shareholder who owns shares in both Shield Insurance Company and AlAhli Takaful Company is not entitled to vote on the Merger decision except in the Extraordinary General Assembly of one of the two companies.

2-8-3 Remote Voting

According to the requirements of the Capital Market Authority regarding voting in the Extraordinary General Assemblies, including the decision to increase the capital of Shield Insurance Company for the purpose of merging and the decision to vote on Shield Insurance Company's Offer to approve the Transaction by the shareholders of AlAhli Takaful Company.

According to the instructions of the Capital Market Authority, the shareholders of Shield Insurance Company and AlAhli Takaful Company can vote remotely on the Offer submitted by Shield Insurance Company to merge with AlAhli Takaful Company, through the "Tadawulaty" service that allows shareholders to vote electronically. Registration for this service is through the Tadawulaty website directly or by visiting the brokerage company in which the shareholder has an active portfolio that allows him to submit an application for registration in the Tadawulaty system.

The following are the terms and conditions for remote voting, which must be taken into consideration before commencing the remote voting process:

1. Remote voting will be counted within the quorum of the General Assembly held in this regard and when relevant decisions are taken.
2. The option voted by the shareholder will be generalized to all shares owned by him.
3. The last voting cancels the previous votes.

All necessary measures will also be taken to ensure that all those who voted remotely own the voting shares on the date of the Extraordinary General Assembly held in this regard. This includes the exclusion of (1) votes related to shares that were sold or part of them sold during the remote voting period, (2) the votes related to the shareholders who own shares in the two companies and have voted on the Merger decision in the Extraordinary Assembly meeting of both companies (the vote by them on the Merger decision in the Extraordinary General Meeting of one of the two companies will be counted only)

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

2-9 Creditors Objection Period

After obtaining the statutory approvals mentioned in Section No. (2-7) of this Document, and after obtaining the approval of the Extraordinary General Assembly of both Shield Insurance Company and AlAhli Takaful Company in accordance with the mechanism specified in Section No. (2-8) of this Document, each of the two companies will publish the decisions of the Extraordinary General Assembly. The announcement will indicate the right of any creditor of AlAhli Takaful Company to object to the Merger Transaction by sending a registered letter to the head office of AlAhli Takaful Company within thirty days from the date of publishing the results of the Extraordinary General Assembly regarding meeting about the Merger Transaction.

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

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

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

2-10 Completion of the Merger Transaction

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

2-11 Details of the shareholders after completion of the Merger Transaction

Upon finalizing the procedures of cancelling the commercial registration of AlAhli Takaful Company, AlAhli Takaful Company will become directly owned by Shield Insurance Company. All of its assets and liabilities will be transferred to Shield Insurance Company. In addition, there is no special agreement, arrangement or understanding with any party that owns shares in AlAhli Takaful Company, that would affect the transfer of ownership of the shares. After completion of the Merger, there will be no controlling shareholders in the Merging Company, i.e., those who own or control 30% of the Merging Company or are able to control its decisions.

As a result of the completion of the Merger Transaction, the increase in the capital of the Shield Insurance Company, and the registration of the issued shares in favour of the shareholders of AlAhli Takaful Company, the number of shares of the Shield Insurance Company, and the ownership percentages for the shareholders of the Shield Insurance Company will change as follows:

Name	Before the capital increase - Shield Insurance Company				After the capital increase - Shield Insurance Company			
	Number of Shares (Directly Owned)	Direct Ownership Percentage	Indirect Ownership Percentage*	Total ownership percentage	Number of Shares (Directly Owned)	Direct Ownership Percentage	Direct Ownership Percentage*	Total Ownership Percentage (Direct and Indirect)
Bahrain National Holding Company (a Bahraini joint stock company)	6,000,000	15.00%	None	15.00%	6,000,000	9.40%	None	9.40%
Prince Sultan Mohammed Saud Al Kabeer Al Saud**	5,700,000	14.25%	0.003%	14.25%	5,700,000	8.93%	0.002%	8.93%
Nasser Mohammed Hammoud Al-Mutawa Al-Otaibi***	2,850,000	7.13%	0.005%	7.13%	2,850,000	4.46%	0.003%	4.47%
Members of the Board of Directors and Senior Executives of Shield Insurance Company****	3,466	0.009%	21.40%	21.41%	3,466	0.005%	18.34%	18.34%
Saudi National Bank					7,155,738	11.21%	-	11.21%
Members of the Board of Directors and Senior Executives of AlAhli Takaful Company			None		-	-	-	-
Public	25,446,534	63.62%	N/A	N/A	42,143,258	66.00%	N/A	N/A
Total	40,000,000	100%	N/A	N/A	63,852,462	100%	N/A	N/A

Source: Shield Insurance Company

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

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

*** The indirect ownership of Nasser Mohammed Hammoud Al-Otaibi results from the direct ownership of his son Turki bin Nasser Al-Mutawa Al-Otaibi (Member of the Board of Directors of Shield Insurance Company). It is worth noting that the direct ownership of Nasser Mohammed Hammoud Al-Mutawa Al-Otaibi will decrease from (7.13%) to (4.46%) after the capital increase process, and therefore he will not become a Substantial Shareholder in the Shield Insurance Company after the capital increase process, and his direct ownership percentage will be calculated within public ownership. It is also worth noting that the ownership percentage of the existing Substantial Shareholders of Shield Insurance Company will decrease from 36.38% to 18.32% after the completion of the Merger Transaction.

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

2-12 Management and Employees

The policy of Shield Insurance Company with regard to human resources is based on the good selection, training and development of the competencies of its employees, maintaining them, and ensuring fair treatment and equal opportunities for them within an appropriate work environment that allows all employees to advance in their positions and in their careers. This policy contributes to productivity and efficiency in the work, which will positively affect the work of Shield Insurance Company and generate better returns for shareholders.

After completion of the transaction, Shield Insurance Company intends to present its future plans with regard to its human resources and the human resources that will be transferred from AlAhli Takaful Company. It will discuss this plan with the management of AlAhli Takaful Company and will listen to its views in order to benefit from all available management elements capable of contributing to the achievement of the company's merging plans. In this regard, Shield Insurance Company will submit job offers according to its employment policy and conditions, after coordination with the relevant regulatory authorities.

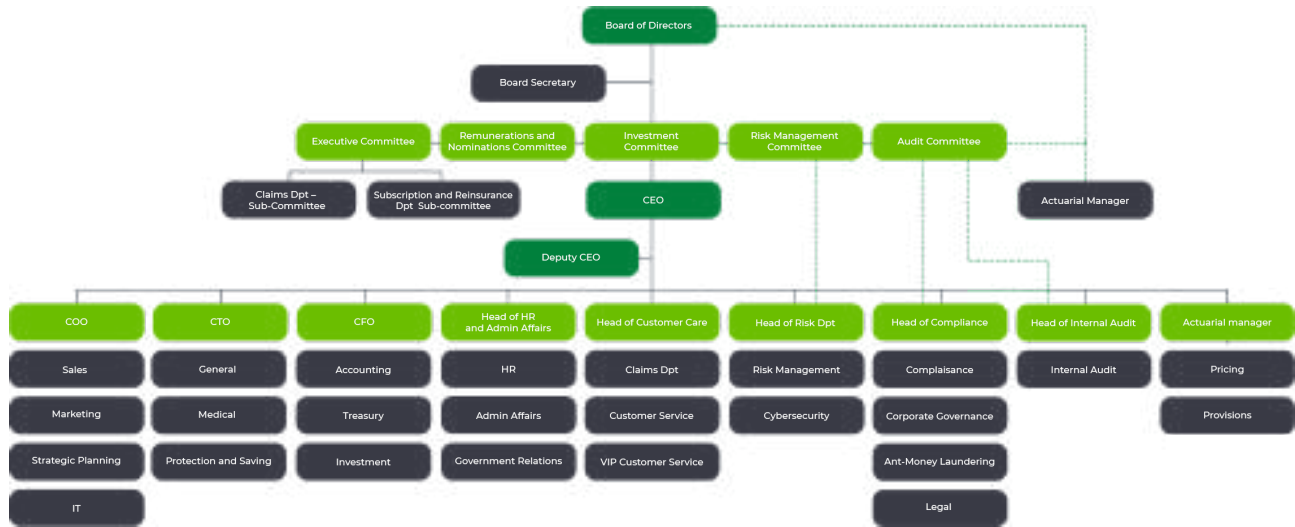
2-13 Arrangements and special Conditions

There are no agreements, arrangements or understandings (whatever nature) between Shield Insurance Company (or any person acting on its behalf or in agreement with it), and any of the members of the Board of Directors of AlAhli Takaful Company or its current shareholders or any other person who was a member of the Board of Directors or a shareholder in it during the twelve months preceding the date of publication of this Document.

2-14 Confirming Cash Adequacy

The full value of the Offer will be settled through the issuance of shares in favor of the shareholders of AlAhli Takaful Company. Therefore, the value of the Offer or any part thereof will not be paid in cash. For more details, please see Section 2-4 ("AlAhli Takaful Company Assessment") of this document.

2-15 Organization Structure of Shield Insurance Company if Merger is Complete



3- Financial information

3-1 Share Closing Price

The following table (3-1) shows the closing price of Shield Insurance Company shares on the first trading day of each month of the six months preceding the date of publishing this Document, the last trading day before announcing the confirmed intention, and the last available date before publishing this Document as follows:

Date	Closing price (in Saudi Riyals)
14/11/2021G (last date available before publication of the Offer Document)	24.90
01/11/2021G	24.36
03/10/2021G	23.80
01/09/2021G	24.66
01/08/2021G	24.58
01/07/2021G	24.60
01/06/2021G	24.21
11/07/2021G (the last trading day before the date of concluding the Merger Agreement)	23.22

Source: Tadawul. Note: The Extraordinary General Assembly of Shield Insurance Company approved the distribution of bonus shares on 09/06/2021G, and the share price fluctuation percentage was calculated at 25.45 Riyals.

The following table (3-2) shows the closing price of AlAhli Takaful Company shares on the first trading day of each month of the six months preceding the date of publishing this Document, the last trading day before announcing the confirmed intention, and the last available date before publishing this Document as follows:

Date	Closing Price (SAR)
14/11/2021G (last date available before publication of the Offer Document)	43.50
01/11/2021G	43.10
03/10/2021G	40.60
01/09/2021G	40.00
01/08/2021G	40.95
01/07/2021G	40.00
01/06/2021G	39.35
11/07/2021G (the last trading day before the date of concluding the Merger Agreement)	39.40

Source: Tadawul

3-2 Distributions and Dividends Policy

The Consideration Shares that will be issued to the shareholders of AlAhli Takaful Company in the event of the completion of the Transaction, are ordinary shares similar to the shares currently issued to the shareholders of Shield Insurance Company and of equal value and classification in rights. There will be no priority or preferential rights for the existing shareholders of Shield Insurance Company compared to the shareholders of AlAhli Takaful Company to whom the new shares will be issued. Therefore, the aforementioned Consideration shares grant their holders – as of the date of their issuance - the right to receive the declared and distributed Dividends in accordance with the company's Dividends policy stipulated in the Articles of Association of the Shield Insurance Company, similar to the rest of the company's shareholders. In this regard, Article forty-six of the Articles of Association of the Shield Insurance Company stipulates that the shareholder is entitled to his share of the profits in accordance with the decision of the General Assembly issued in this regard, and the decision indicates the date of entitlement and the date of distribution. The eligibility for dividends shall be for the owners of shares registered in the Shareholders' Register at the end of the day specified for entitlement. The company shall inform the Capital Market Authority without delay of any decisions to distribute profits or to recommend this and pays the dividends to be distributed to shareholders in the place and dates determined by the Board of Directors, in accordance with the instructions issued by the competent authority, taking into account the prior written approval of the Saudi Central Bank. Article forty-five of the Articles of Association stipulates that the company must (1) set aside Zakat and income tax; (2) set aside (20%) of the net profits to form a statutory reserve, and the Ordinary General Assembly may discontinue this provision when the total reserve reaches (100%) of the paid-up capital; and (3) the General Assembly when determining the entitlement of shares in the net profits, may decide to form other reserves, to the extent that achieves the interest of the company or ensures the distribution of fixed profits as much as possible to the shareholders.

3-3 Implication of the Offer Expiry

In the event that the Merger Transaction is not approved by both Shield Insurance Company and/or AlAhli Takaful Company, during the Extraordinary General Assembly meeting of both companies separately (this includes any date subsequent to holding of the Extraordinary Assembly and cannot be extended after that) the current Offer shall be considered expired and will not be accepted later. Or in the event that the Merger Agreement was terminated in accordance with its provisions before the date of the extraordinary general assembly of AlAhli Takaful Company regarding the Merger Transaction and if that happens, the shareholders of AlAhli Takaful Company will not have the right to accept the Offer and Shield Insurance Company or its shareholders will not be obligated to proceed with the Offer based on any prior approval issued by them.

4- Information relating to Shield Insurance Company

4-1 Overview

Incorporation

Arabian Shield Cooperative Insurance Company is a Saudi joint stock company established in Riyadh - Kingdom of Saudi Arabia under the Ministerial Resolution issued on 19/05/2007G and Commercial Registration No. 1010234323 issued on 13/06/2007G, Subsequent to Royal Decree No. M/60 of 18/09/1427H corresponding to 11/10/2006G. The company was listed on the Saudi Tadawul Company (Tadawul) on 26/06/2007G. The current headquarters of Shield Insurance Company is located on the third floor, Sircon Building No. 15, Olaya Street, PO Box 61352, Riyadh 11565, Kingdom of Saudi Arabia.

The main activities that Shield Insurance Company obtained a license to conduct are insurance business are the branches of general insurance and medical insurance in the Kingdom of Saudi Arabia under the license issued by the Central Bank of Saudi Arabia No. TMN/6/20079 on 11/09/2007G, which was renewed in previous years. It was renewed for three years, starting from 28/01/2020G. On 26/04/2018G, Shield Insurance Company obtained also approval of the Central Bank to underwrite protection and savings insurance policies.

According to the Articles of Association of Shield Insurance Company, it may carry out all activities necessary to conduct cooperative insurance operations and related activities and invest its funds. Its main business areas include motor insurance, medical insurance, marine insurance, property insurance, engineering insurance, accident insurance, and protection insurance and savings insurance.

The capital of Shield Insurance Company is (400,000,000) Saudi Riyals divided into (40,000,000) ordinary shares at a nominal value of (10) ten Saudi riyals per share. All of these shares are fully paid up and are listed on Tadawul Saudi Arabia. The number of employees working in Shield Insurance Company as at 31/05/2021G is about 190 employees.

Fiscal Year and Auditors

The financial year of the Shield Insurance Company begins on the first of January and ends on December 31 of the same year in each Gregorian year. The General Assembly of Shield Insurance Company has appointed Messrs. Ibrahim Ahmed Al-Bassam & Co., Certified Public Accountants, and Messrs. Al-Azm, Al-Sudairi, Al-Sheikh & Co., Certified Public Accountants as auditors for its accounts.

Capital Structure and Shareholders

The capital of Shield Insurance Company is (400,000,000) Saudi riyals divided into (40,000,000) ordinary shares at a nominal value of (10) ten Saudi Riyals per share. The following table (4-1) shows the ownership structure of Shield Insurance Company as on 06/11/1442H corresponding to 16/06/2021G:

Name	Number of Shares	Ownership (%)
Bahrain National Holding Company (a Bahraini joint stock company)	6,000,000	15.00%
Prince Sultan Mohammed Saud Al Kabeer Al Saud**	5,700,000	14.25%
Nasser Mohammed Hammoud Al-Mutawa Al-Otaibi***	2,850,000	7.13%
Members of the Board of Directors and Senior Executives of Shield Insurance Company****	3,466	0.01%
Saudi National Bank	25,446,534	63.62%
Total	40,000,000	100.0%

Source: Saudi Tadawul and Shield Insurance Company

4-2 The most prominent historical events

The following table (4-2) shows the most important historical milestones that Shield Insurance Company has gone through since its establishment:

Event	Date
Licensing the establishment of Shield Insurance Company pursuant to Cabinet Resolution No. (233)	16/09/1427H Corresponding to 09/10/2006G
Issuance of Royal Decree No. (M/60) regarding the establishment of Shield Insurance Company	18/09/1427H Corresponding to 11/10/2006G
The founding shareholders subscribed to (12,000,000) shares of the total number of shares of Shield Insurance Company (60%), and the remaining (8,000,000) shares of equal value were offered for public subscription representing (40%) at a nominal value of (10) ten Saudi Riyals per share.	During the period from 27/2/1428H Corresponding to 17/03/2007G until 07/03/1328H to 26/03/2007G
Shield Insurance Company obtained the permit of the Central Bank of Saudi Arabia No. TMN/6/200709 to engage in insurance and reinsurance activity in accordance with the provisions of the Cooperative Insurance Companies Control Law and its Implementing Regulations.	29/08/1428H. Corresponding to 11/09/2007G.
Listing of Shield Insurance Company shares in the Saudi Stock Exchange (Tadawul)	Date of 09/09/1436H. Corresponding to 26/06/2015G.

Event	Date
Increasing the capital of the Shield Insurance Company from (200,000,000) Saudi Riyals to (300,000,000) million Saudi Riyals, by granting a free share for every two existing shares, at a nominal value of (10) ten Saudi Riyals per share.	06/09/1439H Corresponding to 21/05/2018G
Increasing the capital of Shield Insurance Company from (300,000,000) Saudi Riyals to (400,000,000) Saudi Riyals by granting a free share for every three existing shares at a nominal value of (10) Ten Riyals per share.	29/10/1442H Corresponding to 10/06/2021G
Shield Insurance Company concludes a binding Merger Agreement with AlAhli Takaful Company for the purpose of merging AlAhli Takaful Company with Shield Insurance Company through a securities exchange Offer.	02/12/1442H Corresponding to 12/07/2021G

4-3 Vision

Shield Insurance Company aspires to provide customers with high-quality insurance products and services at reasonable prices, and to become one of the best companies in the field of insurance in terms of its provided services and products as well its professional dealings with customers, shareholders and all parties in its business alike. Shield Insurance Company seeks to develop action plans commensurate with the size of the Saudi insurance market. All of these plans are based around the level of service provided to customers and the search for new products that meet their needs and live up to their aspirations.

4-4 Mission

- Work to support capital and raise the percentage of profits.
- To be among the best insurance companies in the Kingdom of Saudi Arabia.
- To achieve a high degree of efficiency and sound management of its operations.
- Obtaining customer satisfaction by paying full attention to customer service.

4-5 Competitive Advantages

- Shield Insurance Company enjoys professional management and work teams, capable of leading the business and implementing the strategy of Shield Insurance Company.
- Shield Insurance Company has interconnected information systems, that facilitate customer service operations and contribute to the smooth processing of its activities.
- Shield Insurance Company provides various insurance products (motor insurance, medical insurance, travel insurance, personal accident insurance, medical malpractice insurance, property insurance, marine insurance, engineering insurance, life insurance)
- Shield Insurance Company recently achieved a Saudization level of 79% as on March 31, 2021G, and the Saudization rate in the insurance sector as a whole is 75%, according to the report of the Central Bank of Saudi Arabia for the insurance sector for the year 2020.

4-6 Strategy

Shield Insurance Company has developed a strategy that enables it to achieve its mission and vision, as it aims to become a leading company in providing cooperative insurance services in the Kingdom. The strategy of the Shield Insurance Company includes the following items:

- Shield Insurance Company seeks to gradually reduce dependence on reinsurers by supporting and strengthening the solvency and capital of Shield Insurance Company.
- Shield Insurance Company seeks to develop management of human resources through qualification and specialized training and achieve high levels of Saudization.
- Shield Insurance Company relies on general insurance lines, including medical and motor insurance, and has a diversified insurance portfolio for the rest of the insurance lines shown in Table (4-3) below.
- Shield Insurance Company has worked on building and developing strategic operational plans that respond to the changes and challenges it faces in order to take advantage of the available opportunities and confront the threats that result in the insurance sector.
- Shield Insurance Company constantly reviews the risk transfer mechanism by contracting with specialized reinsurance companies, with high credit ratings, in line with the requirements of the Central Bank.
- Shield Insurance Company manages and distributes risks through diversifying its business portfolio.
- Shield Insurance Company implements a rational management of investment policies and the internal and external its resources, and reduces expenses and costs, for the purpose of achieving the best returns and profitability.

4-7 Sales

Table (4-3) below shows an analysis of Shield Insurance Company's sales by insurance products:

Written premiums according to insurance products	For the year ending on 31 December (SAR'000)			Percentage of Gross Written Premiums
	2020G	2019G	2018G	2020G
1 Motor Insurance	166,373,466	73,104,397	83,054,840	30.10%
2 Properties Insurance	63,886,967	59,769,076	45,363,026	11.60%
3 Medical Insurance	252,156,482	311,133,510	407,344,413	45.60%
4 Personal Accident Insurance	17,144,918	19,854,378	18,023,717	3.10%
5 Engineering Insurance	12,113,260	13,280,279	11,220,123	2.20%
6 Life Insurance	37,408,567	61,255,928	55,101,691	6.80%
7 Marine Insurance	3,624,385	5,319,846	4,993,292	0.70%
Gross Written Premiums	552,708,045	543,717,414	625,101,102	100%

Source: Shield Insurance Company

4-8 Products

Table (4-4) below shows the Company's insurance products for which Shield Insurance Company has received final approval from the Central Bank of Saudi Arabia:

N	Insurance product name	Description of the insurance product	Approval date (Gregorian)
1	Fire and associated hazards	Physical loss or damage to the insured property and its contents due to fire, lightning strike and named perils only.	8-07-2007
2	All Risks of Ownership	All risks of physical loss or damage to property and its contents, including theft and accidental damage except for a few specified exclusions in the policy.	8-07-2007
3	Loss of Profit	Loss of gross profit, compensation for increased cost of business after loss or damage covered by the property policy.	8-07-2007
4	All-Inclusive housing	Physical loss or damage to dwellings, buildings and home contents due to the dangers of fire, lightning, explosion, riot, strikes, explosion and overflow of tanks and pipes including earthquake, hurricane, storm, flood and accidental breakage of glass.	18-07-2007
5	Agricultural Crops	Loss or damage to the agricultural crop or any part of it due to fire, lightning and/or hailstorm.	24-07-2007
6	Contractor All Risks	Loss and/or damage to civil construction works including liability to third parties arising from various external and internal causes during construction.	21-07-2007
7	Construction All Risks	Loss and/or damage to installation work and mechanical installation work including liability to third parties arising from various external and internal causes during the installation process	21-07-2007
8	Agricultural Equipment	Loss and/or damage to plant and equipment owned by contractors due to any incidental causes covered in the policy.	21-07-2007
9	All Risks of electronic devices / computers	Loss and/or damage to electronic installations and computer software data, including business interruption as a result of loss and/or damage.	21-07-2007
10	Machines Malfunction	Loss and/or damage to fixed/immovable factories and machines due to any unexpected material losses or damages from causes not specifically excluded.	28-01-2008
11	Loss in Profit (engineering)	Loss of profit or interruption and interference in business resulting from an acceptable claim under a machinery failure insurance policy to secure physical assets.	28-01-2008

N	Insurance product name	Description of the insurance product	Approval date (Gregorian)
12	Stock Deterioration	Loss and/or damage due to stock deterioration due to unexpected and sudden physical loss or damage to the machine following an accepted claim under a machinery breakdown insurance policy to secure the physical assets	28-01-2008
13	General liability	The policy covers legal liability of the insured for loss and/or damage to property, death, bodily injury, to a third party arising from the activities of the insured business in the places disclosed or within the territorial limits specified in the policy.	02-02-2007
14	Product Responsibility	The policy covers the insured's legal liability for loss and/or damage to property or third-party bodily injury arising of the use of products manufactured or supplied by the insured.	02-02-2007
16	Workers Compensation / Employers Liability	Coverage for compensation paid by the employer to its employees after injuries caused by a work-related accident and extends to the employer's liability under common law.	09-12-2007
17	Medical Mistakes	Legal liability for damages, costs and expenses of the plaintiff, in relation to claims arising from bodily injury or mental injury to and/or death of any patient caused by or alleged to have occurred by mistake, omission or negligence in the professional services rendered or ought to have been rendered by the insured practitioner for him.	28-01-2008
18	Professional Compensation	Legal liability for any claim or claims made against the insured due to breach of duty to conduct any negligence, error or omission in any place and at any time committed or alleged to have been committed by the insured.	02-02-2008
19	Liability of freight forwarders/carriers	Compensation for legal liability for loss or damage to goods and/or commodities during their loading, carrying or unloading from any means of transport or temporary stores in the course of transport - whether inside or outside the means of transport.	14-07-2007
20	Money	Compensation for losing money while on the premises, in locked safes, counters and cash registers during working hours; during the course of transportation between specific locations and banks by authorized personnel.	14-07-2007
21	Integrity Guarantee	Compensating the insured against loss due to fraud or dishonesty by any employee named or announced for insurance at any time during the insurance period.	14-07-2007

N	Insurance product name	Description of the insurance product	Approval date (Gregorian)
22	Commercial Crime	Compensation for direct financial loss arising solely from dishonest or fraudulent acts by employees for financial gain, loss of property on premises, or during transportation and loss resulting from forgery or fraud in any checks, bills of exchange, certificates of deposit, letter of credit, withdrawal and remittances receipt, securities and counterfeit currency.	29-01-2008
23	Personal Property (all Risks)	Loss, damage or destruction of defined and unidentified personal property, clothing, and personal effects of the Insured as a result of misfortune or accident not specifically excluded under the Policy.	18-07-2007
24	Personal Accident	Death and/or disability of the insured person individually and directly due to violent and accidental external and visible means.	28-01-2008
25	Travel	Travel insurance for personal accident, medical expenses, cancellation, minimization, loss or damage to personal baggage delay and emergency medical assistance.	31-03-2013
26	Theft and Burglary	Loss and/or damage caused by theft, burglary or attempted robbery and burglary following forced exit and/or entry into the insured building.	27-02-2008
27	Sports Warranty	Insurance to compensate the insured for the liability incurred as a direct result of awarding the prize to the first contestant who made a hole in a tournament and was achieved with the first point	14-07-2007
28	Life	A death and disability benefit policy by an employer for a group of employees who provide financial benefits in the event of death or disability.	03-02-2008
29	Permanent Health Insurance	Income protection coverage for the insured employees in the event of total or partial disability as a result of illness, bodily injury or weakness and his inability to perform the basic duties of his previous occupation in a similar profitable occupation.	03-02-2008
30	Comprehensive Motor	Insurance of motor vehicles for personal damage and third- party liability for the fleet of commercial vehicles owned by companies and institutions.	12-12-2007
31	Motor - Third Party	Insurance of motor vehicles for personal damage and third-party liability for the fleet of commercial vehicles owned by companies and institutions.	12-12-2007
32	Motors Individuals - Third Party	Legal liability to third parties for death, bodily injury or property damage caused by the use of the insured vehicle.	12-12-2007

N	Insurance product name	Description of the insurance product	Approval date (Gregorian)
33	Motors All Inclusive - Individuals	Insurance of motor vehicles for personal damage and third-party liability for the fleet of vehicles for private use.	12-12-2007
34	Auto Trading - External Risks	Loss and/or damage to the insured auto dealer's vehicles or the customer's vehicles when they are tested driven, or transported by the insured's designated drivers, including third party liability for vehicles - outside the insured building.	12-12-2007
35	Auto Trading - Internal Risks	Loss and/or damage to customer vehicles while they are stored and/or in the custody of the insured in the premises specified in the policy, including third party liability for vehicles.	12-12-2007
36	Sea Freight - Individual	Loss and/or damage to export/import shipments of goods by sea and air arising from transportation risks - single and individual shipments.	18-07-2007
37	Marine Cargo - with open cover	Loss and/or damage to shipments of export/import of goods by sea and air arising from transportation risks covering all affected shipments of a 12-month period that are subject to recognition and adjustment on a quarterly or annual basis.	18-07-2007
38	Land Transit/goods in transit	Insurance coverage for damage to materials after an accident to the vehicle carrying the materials, including fire, bridge breakage and accidents of a similar nature.	18-07-2007
39	Inclusive Bonds for Bankers	Insurance coverage designed specifically for banks and financial institutions to compensate for direct financial loss resulting solely from dishonest or fraudulent actions by employees for financial gain, financial loss or property loss on premises or in transit and loss resulting from forgery or fraudulent alterations in or in any checks, bills of exchange, certificates of deposit orders, letter of credit, receipt of withdrawal, money orders, securities, stop-payment orders, and counterfeit currencies.	23-02-2017
40	Responsibility of managers and administrators	Insurance provides indemnification to individual directors and officers of the company for their legal liability to pay compensation to a third party as a result of a third party suffering financial loss through negligence, wrongful act, error or omission on the part of the director or officer in making his decision.	23-02-2017
41	Electronic Computer Crimes	Insurance coverage for financial losses resulting from computer system fraud, payments or transfers resulting from fraudulent computer instructions, loss of data, electronic media, computer viruses and fraudulent communications, and the coverage includes cleaning costs.	23-02-2017

N	Insurance product name	Description of the insurance product	Approval date (Gregorian)
32	Professional Compensation (financial institutions)	Insurance coverage for financial institutions, their directors and employees against alleged wrongful act, negligence or breach of duty arising from an act, error or omission in the performance or non-performance of professional services to clients.	23-02-2017
43	Medical Health insurance	Insurance of medical expenses for companies and small and medium enterprises in accordance with the policy of the Council of Health Insurance covering a minimum and enhanced benefits, if requested by the client.	09-12-2007
44	Third party Government vehicles	Legal liability towards third parties for death, bodily injury or property damage due to the use of insured vehicles owned by the government entity.	24-10-2016
45	Personal Liability Insurance	Medical expenses insurance coverage for individuals only.	29-01-2008
46	Medical Insurance for visitors	Insurance of medical expenses related to emergency cases only within the Kingdom of Saudi Arabia for holders of visit and tourist visas.	07-01-2016
47	Miscellaneous Professional Compensation	Insurance coverage for non-financial institutions, their directors and employees against alleged wrongful acts, negligence or breach of duty arising out of an act, error or omission in the performance or non-performance of professional services to clients.	17-10-2019

Source: Shield Insurance Company

4-9 Reinsurance

For the purpose of reducing risks of insurance business and ensuring the stability of operations and capital sources, and to reduce the risk of losses and for the purpose of contributing to the stability of profitability, Shield Insurance Company reinsures part of the risks insured under its insurance operations. This is in line with the Implementing Regulations issued by the Saudi Central Bank. In order to reduce the risk of reinsurance concentration, Shield Insurance Company has developed reinsurance programs with many well-known international reinsurance companies. The Shield Insurance Company Dealing with many reinsurance companies whose rating is not less than the minimum, as stipulated in the regulation for reinsurance business issued by the Central Bank of Saudi Arabia, as follows:

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

The following table provides a definition of the Rating types for the AM Best Rating:

AM Best Rating	
Rating	Rating Definition
A++	A rating by AM Best means that the rated entity has a superior ability to meet its continuing insurance obligations.
A+	A rating by AM Best means that the rated entity has a superior ability to meet its continuing insurance obligations.
A	A rating by AM Best means that the rated entity has an Excellent ability to meet its continuing insurance obligations.
A-	A rating by AM Best means that the rated entity has an Excellent ability to meet its continuing insurance obligations.
B++	A rating by A.M. Best means that the rated agency's financial strength is subject to adverse changes in underwriting and economic conditions.
B+	A rating by A.M. Best means that the rated agency's financial strength is subject to adverse changes in underwriting and economic conditions.

The following table shows a definition of Rating types of Fitch Ratings:

Fitch Ratings	
Rating	Rating Definition
AA-	Rating by Fitch, which means that the rated entity has very high credit quality, and this rating is within investment grade
BB+	A rating by Fitch, which means that the rated entity has speculative credit quality, and this rating is within the non-investment grade.

The following table provides a definition of the Rating types for the Moody's Investor Service (Moody's):

Moody's Investor Service (Moody's) Ratings	
Rating	Rating Definition
A3	Rating by Moody's which means that the entity is rated as upper medium and is subject to low credit risk. It should be noted that the number (3) has been added to the rating score to show the relative position within the rating categories, as the number (3) indicates the minimum limit in the "A" group.
Baa1	A rating by Moody's which means that the entity is of medium quality and is subject to moderate credit risk, and therefore may have some speculative features.

The following table provides a definition of the Rating types for the Standard & Poor's (S&P):

Standard & Poor's Corporation (S&P) Ratings	
Rating	Rating Definition
AA+	A credit rating by Standard & Poor's which means that the rated entity has a very high ability to meet its financial obligations. It should be noted that a positive sign (+) has been added to the rating score to show the relative position within the rating categories, where the positive sign (+) indicates the upper limit in the "AA" group (very low risk).
AA	A credit rating by Standard & Poor's which means that the rated entity has a very high ability to meet its financial obligations. It should be noted that no positive sign (+) or negative sign (-) has been added to the rating score to show the relative position within the rating categories, as not adding the sign indicates the average limit in the "AA" group (very low risk)
AA-	A credit rating by Standard & Poor's which means that the rated entity has a very high ability to meet its financial obligations. It should be noted that the negative sign (-) has been added to the rating score to show the relative position within the rating categories, where the negative (-) sign indicates the minimum limit in the "AA" group (very low risk)
A+	A credit rating by Standard & Poor's which means that the rated entity has a high ability to meet its financial obligations, but it is somewhat susceptible to the adverse effects of changes in economic conditions. It should be noted that the positive sign (+) has been added to the rating score to show the relative position within the rating categories, as positive sign (+) indicates the maximum limit in the "A" group (low risk)
A	A credit rating by Standard & Poor's which means that the rated entity has a high ability to meet its financial obligations. It should be noted that no positive sign (+) or negative sign (-) has been added to the rating score to show the relative position within the rating categories, as not adding the sign indicates the average limit in the "A" group (low risk)
A-	A credit rating by Standard & Poor's which means that the rated entity has a high ability to meet its financial obligations, but it is somewhat susceptible to the adverse effects of changes in economic conditions. It should be noted that the negative sign (-) has been added to the rating score to show the relative position within the rating categories, where the negative (-) sign indicates the minimum limit in the "A" group (very low risk)
BBB+	A credit rating by Standard & Poor's which means that the rated entity has sufficient ability to meet its financial obligations. It is likely to weaken in favorable or changing economic conditions. It should be noted that a positive sign (+) has been added to the rating score to show the relative position within the rating categories, where the positive sign (+) indicates the upper limit in the "BBB" group (average quality).

The ratings mainly indicate the strength of the financial position of the reinsurance company and its efficiency in covering claims, in addition to the quality of its service and the strength of its reinsurance programs. Shield Insurance Company deals with more than 75 reinsurance companies classified by international rating agencies

The ratings mainly indicate the strength of the financial position of the reinsurance company and its efficiency in covering claims, in addition to the quality of its service and the strength of its reinsurance programs. Shield Insurance Company Dealing with more than 75 reinsurance companies classified by international rating agencies.

The following table shows the reinsurance companies that Shield Insurance Company is dealing with and the rating of each reinsurance company.

The following table (4-5) shows the reinsurance companies that Shield Insurance Company Deals with:

S/N	Reinsurer	Country	Rating	Rating Agency
1	Abu Dhabi National Insurance Company	UAE	A	S&P
2	Abu Dhabi National Takaful	UAE	A-	AM Best
3	ICR Group Ltd.	Singapore	Not currently rated*	AM Best
4	Active Capital Re	Barbados	A-	AM Best
5	Africa Re	Egypt	A	AM Best
6	EIG Ltd.	UAE	A	S&P
7	Al Ain Ahlia Insurance Company	UAE	A3	Moody's
8	Al Dhafra Insurance Company	UAE	Baa1	Moody's
9	Al Koot Insurance and Reinsurance Company	Qatar	A-	S&P
10	Allianz Risk Transfer	UAE	A+	AM Best
11	Arch Re	Switzerland	A+	S&P
12	Argo International	UAE	A-	AM Best
13	Areej	Bahrain	Not currently rated*	AM Best
14	Asian Reinsurance Company	Thailand	B+	AM Best
15	Axa	Kingdom Saudi Arabia	AA-	S&P
16	Bahrain National Insurance Company	Bahrain	B++	AM Best
17	Barents Re	UAE	A	AM Best
18	Berkeley	UK	A+	AM Best
19	Berkshire Hathaway	UAE	AA+	S&P

S/N	Reinsurer	Country	Rating	Rating Agency
20	Best Meridian	United States America	A-	AM Best
21	Canopus	Singapore	A-	AM Best
22	CCR Algeria	Algeria	B+	AM Best
23	Central Re	Taiwan	A	AM Best
24	Chaucer Insurance Company	UAE	A-	S&P
25	China Reinsurance Corporation	China	A	S&P
26	Chubb	UAE	AA	S&P
27	Continental Re	Nigeria	A-	S&P
28	Confix	UK	B+	AM Best
29	Echo Re	Switzerland	A-	S&P
30	Emirates Insurance Company	UAE	A-	S&P
31	Emirates RE	UAE	Not currently rated*	AM Best
32	Everest Reinsurance Company	United States America	A+	S&P
33	Eurasia	Kazakhstan	B++	AM Best
34	Jane Re	Singapore	A++	AM Best
35	Generali, Dubai	France	A	AM Best
36	GIC Re Dubai	UAE	B++	AM Best
37	JR Risk Partners Limited (VAC)	Bahrain	AA	S&P
38	Hanover Re	Bahrain	A+	S&P
39	HDI International S E	Singapore	A+	S&P
40	Helvetia	Switzerland	A	S&P
41	IGI	UAE	A-	S&P
42	Emirates Insurance House	UAE	B+	AM Best
43	Kenya Re	Kenya	B	AM Best
44	Korean Re	UAE	A	S&P

S/N	Reinsurer	Country	Rating	Rating Agency
45	Kuwait Reinsurance Company	Kuwait	A-	AM Best
46	Labuan Re	Malaysia	A-	AM Best
47	Liberty	UAE	A	S&P
48	Lloyd's	UK	A+	S&P
49	Misr	UAE	B++	AM Best
50	Underwriting Managers Mirabilis	Africa	AA-	S&P / Fitch
51	Munich Re	Germany	AA-	S&P / Fitch
52	Ocean International Reinsurance Company	Panama	A-	AM Best
53	Oman Insurance Company, Dubai	UAE	A-	S&P
54	Oman Re	Sultanate Oman	BB+	Fitch
55	Partner Re	UAE	A+	S&P
56	BVI Re Insurance	Vietnam	B++	AM Best
57	Qatar Reinsurance Company	UAE	A	S&P
58	Renaissance Re	UK	A+	S&P
59	R + F	Germany	AA-	S&P
60	RSE	UK	A	S&P
61	Seiko Bahrain	Bahrain	B++	AM Best
62	Samsung Re	Singapore	A	AM Best
63	Saudi Reinsurance Company	Kingdom Saudi Arabia	A3	Moody's
64	Singapore Re	Singapore	A-	AM Best
65	Sirius International Insurance Group	UK	A-	AM Best
66	Score	France	A+	AM Best
67	SCR Morocco	Morocco	B++	AM Best
68	Star Insurance	Switzerland	A	AM Best
69	Swiss Reinsurance Company	Switzerland	AA-	S&P

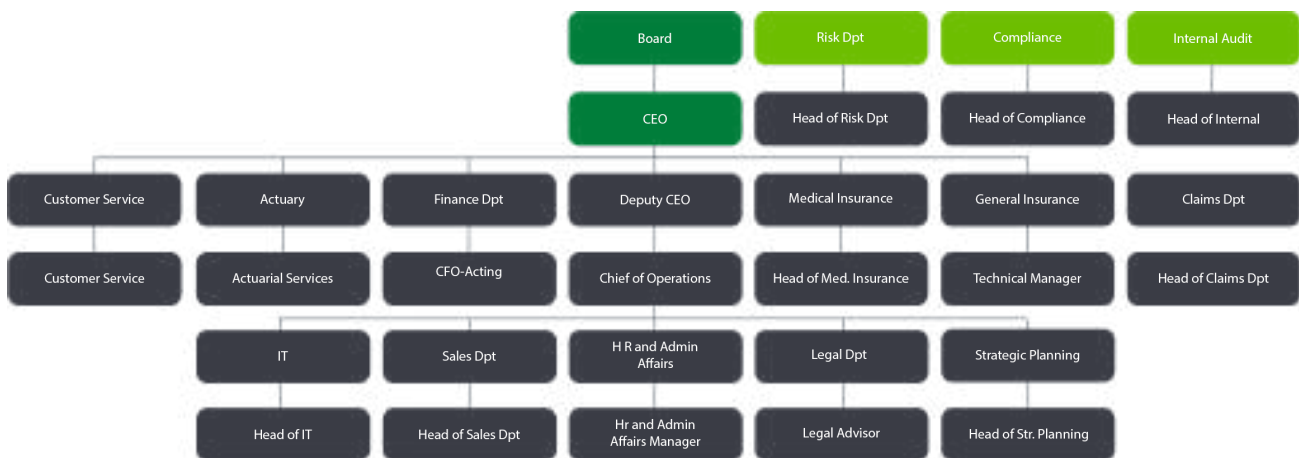
S/N	Reinsurer	Country	Rating	Rating Agency
70	Tawuniya	Kingdom Saudi Arabia	BBB+	S&P
71	New India Insurance Company Limited	Bahrain	B++	AM Best
72	Transatlantic Re, Paris	UK	A+	S&P
73	Trust Re	Bahrain	Not currently rated*	AM Best
74	Tunisia Re	Tunisia	B+	AM Best
75	Union Insurance	UAE	B++	AM Best
76	Vietnam National Reinsurance Corporation	Vietnam	B++	AM Best
77	Waica Re	Sierra Leone	Not currently rated*	S&P
78	XL Group	UAE	AA-	S&P
79	Zurich International Group	UAE	AA-	S&P

Source: Shield Insurance Company

*Currently unrated means that it was unrated according to the minimum classification requirements required by the Central Bank of Saudi Arabia at the time of signing the reinsurance agreement, and the reinsurance agreement is valid.

4-10 Current Organization Structure of the Shield Insurance Company

The following table shows the ownership structure of the Shield Insurance Company (before the Merger)



Source: Shield Insurance Company

4-11 Board of Directors

The Board of Directors of the Shield Insurance Company, as on the date of publishing this Document, consists of (6) members as follows:

	Name	Position	Representation
1	Prince/ Nayef Sultan bin Mohammed Al Saud	Chairman of the Board	Non-Executive
2	Mr. Samir Al-Wazzan	Deputy Chairman of the Board	Non-Executive
3	Mr. Turki Nasser Al-Otaibi	Member	Non-Executive
4	Mr. Abdullah Abdul Rahman Al Obeikan	Member	Non-Executive
5	Mr. Raed Ali Al-Seif	Member	Independent
6	Mr. Mohammed Ahmed bin Ali	Member	Independent

Source: Shield Insurance Company

5- Additional Information

5-1 Statements of liability in relation to the content of this Offer

The members of the Board of Directors of Shield Insurance Company, whose names are indicated in Section 4-11 of this Document, are responsible for all information contained in this Document except for that information provided by AlAhli Takaful Company. The information contained in this Document has been included, for which the members of the Board of Directors of the Shield Insurance Company bear their responsibility based on what has been provided to them by the Management of AlAhli Takaful Company (after they have made reasonable and possible investigations to ensure its correctness and accuracy). The Directors of Shield Insurance Company believe that this information is consistent with the facts and does not omit any part that is likely to affect the accuracy and relevance of this information.

5-2 Statement of ownership shares and Transactions in the shares of Shield Insurance Company

As on 15/02/1443H corresponding to 22/09/2021G, Shield Insurance Company, or any of its board members, or persons acting in agreement with Shield Insurance Company (according to the definition of "Disposition in Agreement" in the Merger and Acquisition Regulations), do not own any shares, directly or indirectly, in AlAhli Takaful Company and they do not have the option to purchase AlAhli Takaful Company shares as of the date of this Document.

The following table shows the details of ownership in Shield Insurance Company for each of the Board members and senior executives of Shield Insurance Company before the capital increase:

	Name	Position	Number of Shares (Directly Owned)	Direct Ownership Percentage	Indirect Ownership Percentage*	Total Ownership Percentage
1	Prince/ Nayef Sultan bin Mohammed Al Saud**	Chairman of the Board	1,333	0.0033%	14.25%	14.25%
2	Mr. Samir Al-Wazzan	Chairman of the Board of Directors	-	-	-	-
3	Mr. Turki Nasser Al-Otaibi***	Board Member	2,000	0.050%	7.13%	7.13%
4	Mr. Abdullah Abdul Rahman Al Obeikan****	Board Member	-	-	0.0255%	0.0255%
5	Mr. Raed Ali Al-Seif	Board Member	133	0.0003%	-	0.0003%
6	Mr. Mohammed Ahmed bin Ali	Board Member	-	-	-	-
Total – Members of the Board of Directors			3,466	0.0087%	N/A	
Total - Senior Executives			-	-	N/A	
Total - Members of the Board of Directors and Senior Executives			3,466	0.0087%	N/A	

Source: Shield Insurance Company

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

** The indirect ownership of Prince Nayef Sultan bin Mohammed Saud Al Kabeer Al Saud is a result of the direct ownership of his father, Prince Sultan bin Mohammed Saud Al Kabeer Al Saud (a Substantial Shareholder in Shield Insurance Company).

*** The indirect ownership of Turki bin Nasser Al-Mutawa Al-Otaibi results from the direct ownership of his father, Nasser Mohammed Hamoud Al-Otaibi (a Substantial Shareholder in Shield Insurance Company).

**** The indirect ownership of Abdullah Al Obeikan results from the direct ownership in Obeikan Investment Group of (17.00%) of the capital of Obeikan Investment Group, and Obeikan Investment Group directly owns (0.15%) of the capital of the Shield Insurance Company.

5-3 Statement of ownership shares and Transactions in the shares of AlAhli Takaful Company

As on 15/02/1443H corresponding to 22/09/2021G, AlAhli Takaful Company or any of its Board members and persons acting in agreement with AlAhli Takaful Company (according to the definition of "Disposition in Agreement" stated in the Merger and Acquisition Regulations) do not own any direct shares directly or indirectly in Shield Insurance Company, and they do not have the option to purchase AlAhli Takaful Company shares as on the date of this Document. The following is the number of shares owned by members of the Board of Directors of AlAhli Takaful Company, and senior executives in the capital of AlAhli Takaful Company:

Name	Position	Number of Shares (Directly Owned)	Direct Ownership Percentage	Indirect Ownership Percentage*	Total ownership percentage
1 Mr. Omar Mohammed Hashem	Chairman of the Board - Non-Executive			None	
2 Mr / Saleh Ahmed Hefny	Board Member			None	
3 Mr. Jamal Jamil Malaikah	Board Member			None	
4 Mr / Wolfgang Gemund	Board Member			None	
5 Mr. Khaled Mohammed Bashnini	Board Member			None	
6 Mr. Tariq Hussein Linjawi	Board Member			None	
7 Dr. Mohammed Farag Al-Kinani	Board Member			None	
Total - Members of the Board of Directors				None	
Total - Senior Executives				None	
Total - Members of the Board of Directors and Senior Executives				None	

Source: AlAhli Takaful Company

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

Also, there are no ownership or controlling stakes of Shield Insurance Company in AlAhli Takaful Company, and there is no controlling stake in AlAhli Takaful Company in which any member of Shield Insurance Company's Board of Directors has an interest, or it is owned or controlled by persons acting in agreement with Shield Insurance Company or persons who have committed themselves to irrevocably accept the present Offer before publishing the present Offer Document.

Also, none of the members of the Board of Directors whose names mentioned above, whose ownership shares are required to be disclosed under Article 38 of the Merger and Acquisition Regulations, have dealt in the shares of Shield Insurance Company and AlAhli Takaful Company during the previous twelve months prior to the day of publication of this Offer Document.

There have not been any arrangements made about the payment of any kind of compensation related to AlAhli Takaful Company's shares by Shield Insurance Company, AlAhli Takaful Company, or any other person acting in agreement with Shield Insurance Company or AlAhli Takaful Company. There are no special arrangements relating to the shares of AlAhli Takaful Company by Shield Insurance Company or AlAhli Takaful Company, or by any other person acting in agreement with Shield Insurance Company or AlAhli Takaful Company.

Neither Shield Insurance Company nor any person acting in agreement with it has made any commitment or agreement that includes an arrangement of compensation or option (formally or informally) that would be an incentive for any person to keep, Transaction or refrain from dealing in AlAhli Takaful Company shares.

5-4 Stock Trading Statement

Shield Insurance Company or its Board of Directors members and persons acting in agreement with it did not Transaction in the shares of AlAhli Takaful Company or in the shares of Shield Insurance Company during the twelve-month period preceding the Offer period and until the day prior to the publication of this Offer Document.

5-5 Taxes and Zakat

Shield Insurance Company is subject to the regulations and bylaws of the Zakat, Tax and Customs Authority in the Kingdom of Saudi Arabia. Zakat and tax are calculated according to the income tax, zakat and value added tax regulations in force at the Zakat, Tax and Customs Authority. Zakat and tax are calculated on the accrual basis of accounting, and the zakat amounts are calculated based on the zakat base or the adjusted net income, and any difference in estimates is recorded when the final assessment is approved, in which the provision is settled.

The declarations submitted by Shield Insurance Company to the Zakat, Tax and Customs Authority, covering the previous periods until 31/12/2014, have been settled, and zakat and income tax obligations resulting from those declarations have been paid in full. The declarations for the other years are still under study by the Zakat, Tax and Customs Authority, and Shield Insurance Company did not obtain the final assessments for all the years subsequent to the date of 31/12/2014G until the date of this Document. Shield Insurance Company submitted an application to obtain a zakat certificate, and Shield Insurance Company was granted a zakat certificate, which is valid until 29/09/1443H corresponding to 30/04/2022G. It is worth noting that zakat is due on shareholders in accordance with the relevant regulations in force in the Kingdom of Saudi Arabia. Shield Insurance Company deducts the zakat due on it from its net profits before distribution.

5-6 Declaration of Compliance

The members of the Board of Directors of Shield Insurance Company whose names appear in Section 4.11 of this Document confirm that they have complied with and adhered to all the required conditions, as set out in Articles (3) and (18) of the Merger and Acquisition Regulations, as follows:

Article (3): General Provisions:

- a. With the exception of private purchase and sale Transactions, the Offeror and the Offeree company must appoint their own financial advisors, provided that they are independent and licensed by the Authority CMA, as well as their legal advisors who shall be independent and licensed to practice the legal profession in the Kingdom. The financial advisors of the Offeror or the Offeree company shall be the liaison officer to coordinate with the Authority on behalf of each of them regarding the potential acquisition or Merger.
- b. The parties involved in the acquisition or Merger must take care that statements are not prepared in a manner that may mislead the shareholders or the market.
- c. In the event of the Offer, the Offeror must treat all shareholders of the Offeree company of the same class equally.
- d. Any document or advertisement relating to the Offer or potential Offer made by the Offeror or the Offeree company's board of directors or any of their relevant advisors to the shareholders must be true, fair and not misleading.
- e. The Offeror or the Offeree Company or any of its advisors may not, during the Offer period or during its study, provide information to some shareholders without making it available to all other shareholders. This principle does not apply in any of the following cases:
 - 1- Confidential submission of information by the Offeree company to a bona fide potential Offeror or vice versa in the context of the Offer.
 - 2- Confidential submission of information by the selling shareholder or the Offeree company to the Offeror in the context of a private sale and purchase Transaction.
- f. The Offeror may not announce the Offer except after taking the necessary measures in accordance with the provisions of these regulations and ascertaining his ability and intention to continue implementing the Offer. The responsibility of providing advice to the Offeror and taking all necessary steps in this regard rests with his financial advisor.
- g. In the event of a Merger or acquisition by Offering an exchange of securities related to securities to be listed on the market, the Offeror must comply with the relevant provisions contained in the Law and its implementing regulations.
- h. In the event of an Offer, the Offeror and the board of directors of the Offeree company must provide the shareholders of the Offeree company with adequate information and recommendations; This is to enable them to reach a sound decision on accepting or rejecting the Offer, to allow them sufficient time to make that decision, and not to withhold any relevant information from them.
- i. All persons who are acquainted with confidential information, particularly that affecting the price of a security, relating to an acquisition or any potential Transaction of this kind, must treat such information confidentially and may not provide it to another person unless it is necessary, and that person knows that it is necessary to comply with confidentiality. All such persons must act in a manner that limits the chances of leakage of confidential information or information that affects the price of the security.
- j. In the event that the board of directors of the Offeree company is satisfied that an Offer of good faith is about to be submitted to the company, the board of directors may not take any action related to the company- that would lead to the non-acceptance of the Offer or deprive the shareholders of the opportunity to take a decision on it- until after obtaining the approval of the shareholders in the General Assembly of the company.
- k. Where there are related parties in the acquisition to which the provisions of these Regulations apply, the interests of those parties in the Transaction must be fully disclosed to the relevant shareholders prior to its completion, and it must be on terms equal to the terms applicable to any Transaction involving other persons in similar circumstances.
- l. The board of directors of the Offeree company must always act in the best interests of the shareholders.
- m. Members of the board of directors of the Offeree company must, when making recommendations to their shareholders, act in their capacity as members of the board of directors, without regard to the size of the shares they own personally or through their relatives, or the shares owned by the shareholders they represent on the board or any personal relationship to the Offeror or the Offeree company (as applicable). In all cases, they must make such recommendations in accordance with Article 18 of these Regulations. They must also take into account the interests of all shareholders in addition to the interests of employees and creditors, which must be taken into account when making such recommendations. The members of the board of directors of the Offeree company must exercise the necessary care before entering into any commitment with the Offeror, or with any party, that would restrict their freedom to make a recommendation to their shareholders in the future.

- n. The shareholder who owns shares in the Offeror and the Offeree company is not entitled to vote in the general assembly of shareholders on resolutions related to Offers to which these regulations apply, except in one of the two companies.
- o. No member of the Board of Directors may- at a meeting of the Board or any of the committees or in the General Assembly- vote on a resolution relating to an Offer to which the provisions of these Regulations apply, or any related matter that involves a conflict of interest for that member or any of his relatives. A case of conflict of interest arises in any of the following cases:
 - 1- When a member of the Board of Directors has an interest- directly or indirectly- related to the Offer or potential Offer.
 - 2- To be a shareholder in the Offeror and at the same time a member of the board of directors of the Offeree company, or vice versa.
 - 3- To be a member of the board of directors of the Offeror and at the same time a member of the board of directors or a manager of the Offeree company, or vice versa.
- p. For the purposes of implementing the provisions of these Regulations, the interest of any relative of a member of the Board of Directors or an affiliate thereof shall be deemed an interest of the member himself.
- q. person who intends to enter into an acquisition process under which an obligation arises to make an Offer to all shareholders must ensure, before completing the Transaction, that he is able to carry out the Offer and continue with it, before making the acquisition.
- r. It is not permissible to create a false market in which the prices of the securities of the Offeree company, the Merging Company, or any company related to acquisition or Merger, or any other company related to the Offer, fluctuate in such a way that the increase or decrease in the prices of the related securities is illusory and disrupts the normal function of the market.
- s. The business of the Offeree company shall not be affected more than a reasonable period as a result of the acquisition or Merger.

Article (18):

Both the Offeror's board of directors - in the event that the Offeror is a listed joint stock company - and the board of directors of the Offeree company must obtain independent and competent advice regarding the Offer from independent financial advisors appointed pursuant to paragraph (a) of Article Three, and its shareholders must be informed of the content of this advice.

5-7 The Effect of Accepting the Offer on the Capital and Income of the Shareholders of the Offeree Company

In the event that the Offer is accepted in full and the shareholders of Shield Insurance Company agree to the Merger Transaction, for the purpose of the Transaction, Shield Insurance Company will issue New Shares or Consideration Shares in favour of AlAhli Takaful Company shareholders, with a number of (23,852,462) new ordinary shares representing (59.63%) of the capital of Shield Insurance Company. The shareholders of AlAhli Takaful Company will be entitled to 37.36% of the business and profits of the Merging Company (while their eligibility in the business and profits of AlAhli Takaful Company is currently 100%). The New Shares that will be issued to the interests of AlAhli Takaful Company shareholders and listed on Saudi Tadawul will have the same rights as the currently issued shares in Shield Insurance Company, including voting rights, dividend rights, repurchase rights or rights to surplus assets upon liquidation or dissolution, and other rights, noting also that all the shares issued and the shares that will be issued for the purpose of the Transaction in Shield Insurance Company are of one class and no share gives its holder any preferential rights or priority of any kind. If the Offer is accepted, the shareholders of AlAhli Takaful Company will become owners of 37.36% of the capital of the Merging Company. As for the income generated by the shareholders of AlAhli Takaful Company, the owners of the New Shares will have the right to receive the first payment of the distributed profits that the Merging Company announces after the date of completion of the Merger Transaction, and the shareholder is entitled to his share of the profits in accordance with the decision of the General Assembly issued in this regard, and the decision indicates the date of maturity and the date of distribution. The eligibility for profits shall be for the owners of shares registered in the shareholders' records at the end of the day specified as the maturity date.

5-8 The Effect of Accepting the Offer (in full) for the Purpose of Controlling the Assets, Profits and Business of Shield Insurance Company that could be Important for the Correct Evaluation of the Offer

If the Offer is accepted in full, the shareholders of AlAhli Takaful Company will become owners of 37.36% of the capital and assets of the Merging Company (while their current ownership percentage in the capital and assets of AlAhli Takaful Company is 100%), and the shareholders of AlAhli Takaful Company will become entitled to 37.36% of the business and profits of the Merging Company (while their eligibility in the business and profits of AlAhli Takaful Company is currently 100%). It is worth noting that if the Offer is accepted in full - and as stipulated in the Merger Agreement - the position of the CEO (Basel Al-Abdulkarim) and the Chief Financial Officer (Mohamed Atef Abdullatif) of the Merging Company will be from the current senior executives of Shield Insurance Company, and the executive representation in favour of AlAhli Takaful Company will be limited in the position of Executive Vice President of the Merging Company (Abdulrahman Al-Ubra). The number of board members of the Merging Company will be increased from (6) to (8), as two members of the board of directors will be appointed by the Merging Company after the completion of the Merger Transaction to be representatives of the shareholders of AlAhli Takaful Company. It should be noted here that the shareholders of AlAhli Takaful Company currently have complete control over the executive management and members of the board of directors in AlAhli Takaful Company. It is worth noting, and despite what was mentioned in the Merger Agreement about the nomination of two members for the shareholders of AlAhli Takaful Company, the two new members of the Board may not be representatives of the shareholders of AlAhli Takaful Company, as they will be appointed only after obtaining the approval of the Saudi Central Bank. Also, the approval of the appointment decision must be obtained at the ordinary general assembly of the Merging Company, and therefore there is no guarantee that the two additional members will be representatives of the shareholders of AlAhli Takaful Company.

5-9 The Final Owners of AlAhli Takaful Company's Shares and the Controlling Shareholders in Shield Insurance Company and the Merging Company

The following table includes a statement of the Substantial Shareholders of AlAhli Takaful Company, the Substantial Shareholders of Shield Insurance Company, the shareholders who own or have control of 30% or more of the capital and/or the persons who are able to direct the decisions and management of the Merging Company (after completing the Merger Transaction):

a) AlAhli Takaful Company				
	Shareholders	Number of Shares	Ownership Percentage	Description

1	The Saudi National Bank	5,000,000	29.99%	The Saudi National Bank (formerly the National Commercial Bank) is the first Saudi bank to be established, as it started its activities under the Royal Decree on 20 Rabi` Al-Thani 1373H corresponding to December 26, 1953G. The Saudi National Bank is an extension of two banks (National Commercial Bank and Samba Financial Group - where the two banks were merged during the second quarter of 2021G).
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b) Shield insurance company				
	Shareholders	Number of Shares	Ownership Percentage	Description

1	Bahrain National Holding Company (a Bahraini joint stock company)	6,000,000	15.00%	Bahrain National Holding Company was established in 1998G, and it is a public company listed on the Bahrain Bourse since 2006G. It operates within the insurance sector with a focus on multi-line insurance. It has insurance business in Saudi Arabia, Syria, United Arab Emirates and Bahrain.
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2	Prince Sultan Mohammad Saud Al-Kabeer Al Saud	5,700,000	14.25%	Father of the Chairman of the Board of Directors of an insurance company (Prince Nayef Sultan bin Mohammad Saud Al Kabeer Al Saud)
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3	Nasser Mohammed Hammoud Al-Mutawa Al-Otaibi	2,850,000	7.13%	Father of a board member in an insurance company (Turki bin Nasser Al-Mutawa Al-Otaibi)
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c) The Merging Company (after completion of the Merger Transaction)

There will be no shareholders controlling 30% or more of the share capital of the Merging Company or able to direct the decisions and management of the Merging Company after the completion of the Merger Transaction.

Source: Shield Insurance Company and AlAhli Takaful Company

Shield Insurance Company confirms that there is no transfer of any shares acquired under the present Offer in favour of other persons or parties, and there is no agreement, arrangement or understanding related to that. Also, it is worth noting, that no person or group of persons in Shield Insurance Company owns or controls 30% of the capital in AlAhli Takaful Company or is able to direct the decisions and management of AlAhli Takaful Company.

5-10 Statement of Redemption of Securities by the Offeror

Shield Insurance Company has not redeemed or purchased any shares in Shield Insurance during the twelve-month period preceding the date of publication of this Offer Document

6- Shield Insurance Company financial statements

The following tables summarize the performance of the Shield Insurance Company and its financial position as on December 31, 2020G:

Income statement - all amounts are in SAR'000	2020G	2019G
Revenues		
Gross Written Premiums	552,708	543,717
Assigned reinsurance premiums - local	(24,115)	(16,051)
Assigned reinsurance premiums - foreign	(188,806)	(167,701)
Excess loss expense	(2,794)	(1,991)
Net written premiums	336,993	357,974
Changes in total unearned premiums	(23,074)	53,663
Changes in the share of reinsurers in total unearned premiums	35,092	3,051
Net premium earned	349,011	414,688
Reinsurance commissions	32,170	38,034
Other subscription income	6,806	10,905
Total revenue	387,987	463,627
Underwriting costs and expenses		
Total Claims Paid	(307,570)	(502,172)
Reinsurers' share of paid claims	59,315	60,698
Net claims paid	(248,255)	(441,474)
Changes in total outstanding claims	14,120	32,515
Changes in reinsurance share of total outstanding claims	7,536	17,913
Changes in the total incurred but not reported claims	7,441	15,955
Changes in reinsurance share of total incurred but not reported claims	(18,619)	(8,498)
Net claims incurred	(237,777)	(383,589)
Instalment deficiency reserve	(13,500)	2,900
Other technical reserves	(4,000)	925
Subscription costs	(14,827)	(20,837)

Income statement - all amounts are in SAR'000	2020G	2019G
Underwriting costs and expenses		
Insurance claims settlement company expenses	(7,181)	(7,768)
withholding tax	(7,418)	(6,334)
Regulatory fees	(5,392)	(6,588)
Other subscription expenses	(10,300)	(6,247)
Total subscription costs and expenses	(300,395)	(427,538)
Net underwriting income	87,592	36,089
Revenue / (expenses) other operations		
(Provision) / Reversal of doubtful debts	(1,240)	10,980
General and administrative expenses	(56,411)	(55,655)
Depreciation and amortization	(4,608)	(2,001)
Commission income on deposits	5,522	11,975
Commission income on sukuk	4,023	4,774
Dividend Income	4,092	2,857
Realized profits from investments	7,770	7,922
Total revenue / (expenses) of other operations	(40,852)	(19,148)
Income before surplus, Zakat and income tax	46,740	16,941
Return to insurance operations	(3,138)	0
Income attributable to shareholders' operations before Zakat and income tax	43,602	16,941
Zakat charged	(11,321)	(9,513)
Income tax charged	(624)	(164)
Income attributable to shareholders' operations after Zakat and income tax	31,657	7,264
Basic and diluted earnings per share in Saudi Riyals	1.06	0.24

Source: Shield Insurance Company, and the audited financial statements for the year 2020G

Statement of financial position - all amounts are SAR'000	2020G	2019G
Assets		
Cash and cash equivalents	517,745	403,376
Fixed Income Short Term Deposits	0	40,000
Premiums and amounts due from reinsurers - net	70,138	97,255
Reinsurance shares of total unearned premiums Reinsurers' share of unearned insurance subscriptions	71,532	36,440
Reinsurance shares in total outstanding claims	96,840	89,304
Reinsurers' share in total incurred but not reported claims	54,631	73,250
Deferred subscription costs	7,032	7,901
Deferred insurance claims settlement company expenses	1,842	2,494
Deferred withholding tax	3,493	1,766
Deferred Regulatory Authority Fee	1,764	1,991
Investments	246,555	234,134
Amounts due from related parties - net	6,522	7,470
Prepaid expenses and other assets	37,623	21,773
Property and equipment - net	3,049	3,507
Intangible assets - net Intangible assets	10,003	8,451
Goodwill	46,794	46,794
Statutory deposit	30,000	30,000
Income accrued from a statutory deposit	3,002	2,727
Total assets	1,208,565	1,108,633
Liabilities		
Accrued expenses and other liabilities	59,738	49,452
Reinsurance balances payable	18,826	15,108
Total unearned premiums	190,453	167,379
Unearned reinsurance commissions	14,148	7,353
Total outstanding claims	126,934	141,054

Statement of financial position - all amounts are SAR'000	2020G	2019G
Liabilities		
Total claims incurred but not reported	170,884	178,325
Instalment deficiency reserve	15,500	2,000
Other technical reserves	13,000	9,000
Amounts due to related parties	29,395	19,309
Accounts payable	41,554	25,506
Provision for withholding tax	9,561	8,857
Provision for Regulatory Authority Fee	2,944	1,761
End of service benefits	7,917	8,435
Distribution of surplus payable to policyholders	4,570	2,697
Zakat	36,483	31,059
Income tax	1,752	952
Commission income payable to the Central Bank of Saudi Arabia	3,002	2,727
Total Liabilities	746,661	670,974
Equity		
Capital	300,000	300,000
Statutory reserve	40,866	34,535
Retained earnings	123,464	98,138
Reserve for fair value gain/(loss) on investments	(2,426)	4,986
Total Shareholders' Equity	461,904	437,659
Total liabilities and shareholders' equity	1,208,565	1,108,633

7- Documents Available for Inspection

Copies of the following documents will be available for inspection at Shield Insurance Company's headquarters (the current headquarters of Shield Insurance Company is located on the third floor, Sercon Building No. 15, Olaya Street, PO Box 61352, Riyadh 11565, Kingdom of Saudi Arabia, from Sunday to Thursday from nine in the morning until five in the evening, with the exception of official holidays in the Kingdom of Saudi Arabia, from the date of publishing the Offer Document until the end of the Offering Period:

- Articles of Association and Bylaws of Shield Insurance Company and any amendments thereto (if any).
- The audited financial statements of Shield Insurance Company for the financial years ending on December 31, 2018, December 31, 2019 and December 31, 2020.
- The reviewed hypothetical financial statements that reflect the financial position of Shield Insurance Company after the Merger for the year ending on December 31, 2020.
- The Merger Agreement between Shield Insurance Company and AlAhli Takaful Company (in English).
- Consent letters of the Issuer's advisors for the use of their names, logos and statements in this Document.
- Evaluation report issued by the financial advisor to Shield Insurance Company.
- Evaluation reports for the protection and savings portfolio of AlAhli Takaful Company (issued by the advisor of Shield Insurance Company and the advisor of AlAhli Takaful Company).

8- Appendices

Appendix (I) Amendments to the Articles of Incorporation of the Arabian Shield Insurance Company associated with the Merger Transaction

Article before Amendment	Article after Amendment
<p>Article Eight: Capital:</p> <p>The company's capital is (400,000,000) four hundred million Saudi Riyals, divided into (40,000,000) forty million shares of equal value at a nominal value of (10) ten Saudi Riyals per share, all of which are ordinary cash shares.</p>	<p>Article Eight: Capital:</p> <p>The company's capital is (638,524,620) six hundred and thirty-eight million five hundred and twenty-four thousand six hundred and twenty Saudi Riyals, divided into (63,852,462) sixty-three million eight hundred and fifty-two thousand four hundred and sixty-two shares, at a nominal value of (10) Saudi Riyals per share.</p>
<p>Article 15: Company Management:</p> <p>The company is managed by six (6) members board of directors elected by the ordinary general assembly for a period not exceeding three years, and the composition of the board of directors must reflect an appropriate representation of the independent members. In all cases, the number of independent board members may not be less than two (2) members or one third of the board members, whichever is greater. As an exception to this, the Constituent Assembly appoints the members of the first board of directors for a period not exceeding three (3) years starting from the date of the publication of the decision of the Ministry of Commerce and Investment to establish the company.</p>	<p>Article 15: Company Management:</p> <p>The company is managed by eight (8) members board of directors elected by the ordinary general assembly for a period not exceeding three years, and the composition of the board of directors must reflect an appropriate representation of the independent members. In all cases, the number of independent board members may not be less than three (3) members or one third of the board members, whichever is greater. As an exception to this, the Constituent Assembly appoints the members of the first board of directors for a period not exceeding three (3) years starting from the date of the publication of the decision of the Ministry of Commerce and Investment to establish the company.</p>
<p>Article Twenty-Second: Quorum of Board Meetings:</p> <p>The meeting of the Board shall not be valid unless attended by (six) members personally or by proxy, provided that the number of members present in person is (four) at least, including an independent member. The member may delegate another member to attend and vote in the meetings of the Board on his behalf. The decisions of the Board are issued by the majority of votes of the members present or represented in it, and when the opinions are equal, the side with which the Chairman voted shall prevail. The Board of Directors may issue decisions in urgent matters by presenting them to the members separately unless a member requests in writing a meeting of the Board to deliberate thereon, in which case these decisions are presented to the Board of Directors at its first meeting.</p>	<p>Article Twenty-Second: Quorum of Board Meeting:</p> <p>The meeting of the Board shall not be valid unless it is attended by four (4) members personally or by proxy, provided that the number of members present in person is at least three (3) members, including an independent member. A member may delegate another member to attend and vote in the meetings of the Board on his behalf. The decisions of the Board are issued by the majority of the votes of the members present or represented in it, and when the opinions are equal, the side with which the Chairman voted shall prevail. The Board of Directors may issue decisions in urgent matters by presenting them to the members separately, unless a member requests in writing a meeting of the Board for deliberation, in which case these decisions are presented to the Board of Directors at its first meeting.</p>



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