



**Arabia Insurance Cooperative Co.
A Saudi Joint Stock Company**

Company Bylaws

Part I

Incorporation of the Company

Article (1): Incorporation

A Saudi Joint Stock Company shall be incorporated in accordance with the provisions of the Cooperative Insurance Companies Control Law and its Implementing Regulations, the Companies Law, the Capital Market Law and its Implementing Regulations and in conformity with these Bylaws among the holders of the shares governed by the provisions stipulated hereinafter.

Article (2): Name of the Company

Arabia Insurance Cooperative Co. (a Saudi Joint Stock Company).

Article (3): Purposes of the Company

To transact cooperative insurance business in the class of general insurance, health insurance and protection & savings insurance. The Company may carry out all business activities necessary to realize its objectives and shall transact such activities in conformity with the provisions of the Cooperative Insurance Companies Control Law and its Implementing Regulations and the laws and regulations in force in the Kingdom of Saudi Arabia, subject to obtaining necessary licenses from the competent authorities, if any.

Article (4): Participation and Ownership in Companies

The Company may establish limited liability or one-person joint stock companies. Moreover, it may own stocks and shares in or merge with other existing companies, and shall have the right to participate with others in establishing joint stock or limited liability companies, provided that such companies established, participated in or merged with by the Company shall be engaged in activities similar to those of the Company, in financial business or in business that helps the Company realize its objectives, subject to meeting the requirements of relevant laws and instructions and obtaining the approval of the Saudi Central Bank (SAMA).

Article (5): Head Office

The Company's head office shall be located in the city of Riyadh, Saudi Arabia. The head office may, by a resolution of the Extraordinary General Assembly, be transferred to any other city within Saudi Arabia with the approval of SAMA. The Company may establish branches, other offices or agencies within or outside Saudi Arabia, subject to approval by SAMA.

Article (6): Term

The term of the Company shall be ninety-nine (99) Gregorian years starting from the date of its registration in the Commercial Register and may be extended by a resolution of the Extraordinary General Assembly taken at least one (1) year prior to the expiration of such term.

Part II**Rules to be Complied with by the Company in its Operations and the Attainment of its Objectives****Article (7): Company Investments**

The Company shall invest pooled funds of the insureds and shareholders of the Company in accordance with the rules laid down by the Board of Directors and in a manner that does not conflict with the Cooperative Insurance Companies Control Law and its Implementing Regulations and other relevant regulations and rules issued by SAMA or any other relevant body.

Part III**Capital and Shares****Article (8): Capital**

The share capital of the Company shall be five hundred thirty million (530.000.000) Saudi riyals, divided into fifty-three million (53.000.000) shares of equal nominal value of ten (10) Saudi riyals each, all of which are ordinary cash shares.

Article (9): Subscription for Shares

The shareholders have subscribed for the entire capital of the Company and its value has been paid in full.

Article (10): Shareholder Register

The shares of the Company shall be traded in accordance with the provisions of the Capital Market Law and its Implementing Regulations.

Article (11): Issuance of Shares

The shares of the Company shall be nominal shares and may not be issued at less than their par value. However, the shares may be issued at a value higher than their

par value, in which case the difference in value shall be added as a separate item under shareholders' equity and shall not be distributed as dividends to the shareholders. A share shall be indivisible vis-à-vis the Company. In the event that a share is held by several persons, they shall elect one from amongst themselves to represent them in exercising the rights attached to such share, provided that such persons shall be jointly liable for the obligations arising from the acquisition of the share.

Article (12): Share Trading

Shares subscribed for by the incorporators may only be traded upon the publication of the financial statements for two (2) fiscal years of at least twelve (12) months each from the date of incorporation of the Company, subject to obtaining the approval of SAMA. A notation shall be made on the respective share certificates indicating their class, the date of incorporation of the Company, and the period during which their trading shall be suspended. However, during the lock-up period, title to shares may, in accordance with the legal provisions for the sale of rights, be transferred from one incorporator to another, from the heirs of a deceased incorporator to a third party, or if the property of an insolvent or bankrupt incorporator are seized, provided that the other incorporators shall be given priority to acquire such shares. The provisions of this Article shall also apply to shares that are subscribed for by the incorporators in case of an increase of capital prior to the expiration of the lock-up period.

Article (13): Increase of Capital

Subject to the approval of SAMA and the Capital Market Authority (CMA), the Extraordinary General Assembly may resolve to increase the Company's capital, provided that the capital shall have been paid up in full. The capital does not have to be paid in full if the unpaid portion of the capital relates to shares issued in exchange for the conversion of debt instruments or financing instruments into shares and the period prescribed for conversion has not yet expired. Shareholders holding shares as at the date of the resolution of the Extraordinary General Assembly approving the capital increase shall have a pre-emptive right to subscribe to new shares issued against cash contributions. Such shareholders shall be notified of their pre-emptive right, if any, by publication in a daily newspaper, or be informed by registered mail of the resolution to increase the capital, the subscription conditions, the subscription period and its start and end dates. The Extraordinary General Assembly may suspend the shareholders' pre-emptive rights to subscribe to the capital increase against cash contributions or give such rights to non-shareholders where it deems this fit for the best interests of the Company. In all cases, the Extraordinary General Assembly may, upon increasing the capital, allocate issued shares or part thereof to all or some of the employees of the Company and/or its subsidiaries. Shareholders may not exercise pre-emptive rights when the Company issues shares designated for employees. Shareholders may sell or assign their pre-emptive rights during the period from the time of issuing the General Assembly's resolution approving the capital increase up

to the last day of subscription for the newly issued shares associated with such rights, in accordance with the rules laid down by CMA.

Article (14): Decrease of Capital

Subject to the approval of SAMA and CMA, the Extraordinary General Assembly may resolve to decrease the capital if it is in excess of the needs of the Company or if the Company has incurred losses, provided that, following a capital decrease, the paid-up capital of an insurance company shall not be less than one hundred million (100.000.000) riyals, and the paid-up capital of a reinsurance company or an insurance company engaged at the same time in underwriting reinsurance activities shall not be less than two hundred million (200.000.000) riyals. The resolution to decrease the capital shall be issued only after reading a special report prepared by the Auditor on the reasons justifying such decrease, the Company's liabilities and the effect of the decrease on such liabilities. If the capital decrease is due to its being in excess of the Company's needs, the Company's creditors must be invited to express their objections thereto within sixty (60) days from the date of publication of the decrease resolution in a daily newspaper distributed in the region where the Company's head office is located. If a creditor objects and presents to the Company evidentiary documents within the time limit stated above, the Company shall pay such creditor's debt if it is already due or provide the creditor with an adequate guarantee of payment if the debt is due on a later date.

Part IV

Board of Directors

Article (15): Management of the Company

The Company shall be managed by a Board of Directors (the "Board") consisting of seven (7) members to be elected by the Ordinary General Assembly for a term not exceeding three (3) years. The Board composition shall reflect sufficient representation of independent members. In all cases, the number of the Board's independent members shall not be less than two (2) members or one-third of the Board members, whichever is greater. As an exception, the Constituent Assembly shall appoint the members of the first Board for a term not exceeding five (5) years starting from the date of the declaration by the Ministry of Commerce and Investment (MCI) of the incorporation of the Company.

Article (16): Termination of Board Membership

Membership on the Board of Directors shall terminate upon the expiration of the Board term, or due to resignation, death or skipping three (3) meetings within one (1) year without a legitimate and reasonable excuse, or if the Board finds that the member has

breached his duties in a manner that is detrimental to the interests of the Company, subject to the approval of the Ordinary General Assembly, or upon the termination of the member's membership under any law or rules in force in Saudi Arabia, or if the member is declared bankrupt or insolvent, applies for a composition with his creditors, ceases to pay his debts, becomes mentally ill or physically disabled such that he is unable to properly fulfill his role, or is proven to have committed an act contrary to honesty and morals or convicted of forgery by virtue of a final judgment. However, the Ordinary General Assembly may, at all times, dismiss all or some of the members of the Board of Directors, without prejudice to the right of a dismissed member to hold the Company liable for compensation if the dismissal has taken place without acceptable justification or at an inconvenient time. A Board member may resign from office, provided that such resignation occurs at an appropriate time, otherwise he shall be held liable to the Company for the damage resulting from his resignation. If a member of the Board resigns and has comments on the performance of the Company, he shall submit a written statement explaining such comments to the Board Chairman and such statement shall be presented to the Board members. Subject to the applicable disclosure requirements, SAMA shall be notified when a Board member resigns or his membership is terminated for any reason other than the expiration of the Board term within five (5) business days from the date of separation.

Article (17): Board Vacancies

If the position of a Board member becomes vacant, the Board may, on a temporary basis, appoint an adequately experienced member to the vacant position, subject to obtaining a *no objection* certificate from SAMA and regardless of the number of votes obtained at the General Assembly meeting that elected the Board. CMA and MCI shall be notified accordingly within five (5) business days from the date of appointment, and such appointment shall be brought to the attention of the Ordinary General Assembly at its first next meeting. The new member shall only complete his predecessor's term of office.

Article (18): Powers of the Board

1. Without prejudice to the authorities conferred upon the General Assembly, the Board of Directors shall have the broadest powers to manage the Company in order to realize its objectives, with the exception of such acts or actions falling within the competence of the General Assembly as are specifically provided for in the Companies Law or these Bylaws. The Chairman of the Board of Directors shall, for example but without limitation, represent the Company in its relations with third parties and government and private bodies and before all Sharia courts, the Board of Grievances, quasi-judicial commissions, labor offices, preliminary and supreme commissions for the settlement of labor disputes, Commercial Papers Committee and all other judicial commissions, arbitral tribunals, Civil Rights Department, police stations, chambers of commerce and industry, all companies, corporations, commercial banks, financial houses,

government finance funds and institutions of all designations and fields of competence and other lenders. The Board shall have the right of admission, claiming, defense, pleading, litigation, waiver, settlement, acceptance and rejection of judgments, and arbitration, and to apply for the enforcement of judgments, appeal against judgments, move for reconsideration, receive the proceeds of enforcement, discharge the Company's debtors of their liabilities, participate in tenders, sell, buy and pledge real estate property. The Chairman of the Board shall, moreover, have the right to conclude contracts and sign on behalf of the Company all contracts, documents and papers, including, without limitation, the memorandums of association of the companies in which the Company participates, along with all their amendments, appendixes and amendment resolutions, to sign agreements and instruments before notaries and official authorities, as well as loan agreements, guarantees, collateral bonds, real estate sale and purchase deeds, to sell, buy, transfer ownership and accept the transfer thereof, receive and deliver, lease, rent out, receive and make payments, open accounts and credits, make bank withdrawals and deposits, issue guarantees to banks, funds and government finance institutions, and to sign all papers, promissory notes, checks, all commercial papers, documents and all banking transactions. In addition, the Board Chairman shall have the right to issue powers of attorney and written authorizations to one or more persons or delegate all or some of the powers described above to one or several persons or bodies. Moreover, he shall have the right to authorize attorneys-in-fact to give powers of attorney to others. The Board also may, within the limits of its competence, authorize one or more of its members or others to perform (a) specific act(s) without contravening relevant laws and regulations.

2. The Board may enter into loan agreements of whatsoever term, sell or pledge the Company's assets, sell or pledge the Company's place of business or discharge the Company's debtors of their liabilities, unless such powers of the Board are restricted by these Bylaws or by a resolution of the Ordinary General Assembly.

Article (19): Board Members' Remuneration

Board members' remuneration shall consist of a specified sum, an attendance fee, in-kind benefits, a certain percentage of the net profits, or a combination of two or more of these benefits. In the event that the Company generates profits, there may be distributed a percentage of 10% of the remaining net profit after withholding the reserves resolved by the General Assembly pursuant to the provisions of the Cooperative Insurance Companies Control Law, the Companies Law and these Bylaws, and after distributing to the shareholders dividends of at least 5% of the Company's paid-in capital. Entitlement to such remuneration shall be proportionate to the number of meetings attended by a member. Any estimation in discrepancy with the foregoing shall be null and void. In all cases, the total remuneration and financial

and in-kind benefits received by a Board member shall not exceed five hundred thousand (500.000) riyals per annum (with the exception of the members of the Audit Committee) in accordance with the rules laid down by CMA. The Board's report presented to the Ordinary General Assembly shall include a comprehensive statement of all remuneration, expense fees and other benefits received by the Board members during the financial year. The report shall also include a statement of whatever the Board members have received in their capacities as employees or administrative officers or whatever they have received in return for technical, administrative or advisory work. Furthermore, the report shall include a statement of the number of Board meetings and the number of meetings attended by each member as of the date of the last meeting of the General Assembly.

Article (20): Powers of the Chairman, Vice Chairman, Managing Director and Secretary

The Board of Directors shall appoint from among its members a Chairman, a Vice Chairman and a Chief Executive Officer and may appoint a Managing Director. A person may not hold the positions of Board Chairman and Company executive at the same time. The Board Chairman shall have the right to sign on behalf of the Company and enforce the Board resolutions, shall have the authority to represent the Company before courts, arbitral tribunals and third parties, and shall have the right to authorize others to carry out (a) certain act(s). The Chairman may, by a decision in writing, delegate some of his powers to other Board members or third parties to perform (a) specific act(s). The Board shall fix the salaries, fees and remuneration of both the Chairman and the Managing Director in accordance with the provisions of Article 19 hereof. The Board of Directors shall appoint a Board Secretary, and may appoint one or more advisors thereto in various affairs of the Company and shall determine their remuneration. The term of office of the Chairman, the Vice Chairman, the Managing Director and the Secretary (if a Board member) shall not exceed their respective terms as members of the Board, and they may be re-elected. The Board may dismiss all or any of them at any time, without prejudice to the right of a dismissed person to compensation if the dismissal was for an invalid reason or occurred at an inconvenient time.

Article (21): Board Meetings

The Board shall meet upon a call by its Chairman. The Chairman shall call for a meeting when so requested by two (2) members. The call shall be documented in the way deemed proper by the Board. Board meetings shall be held periodically and as needed, provided that at least four (4) Board meetings shall be held per year, so that at least one (1) meeting shall be held every three (3) months.

Article (22): Board Meeting Quorum

1. Board meetings shall not be valid unless they are attended by half of the members, provided that the number of attendees shall not be less than four members.
2. If the requirements for the Board of Directors meeting are not met due to the number of its members being less than the minimum limit stipulated herein, the remaining members shall call the Ordinary General Assembly to be held within sixty days to elect the required number of members.
3. The Capital Market Authority may decide to call the Ordinary General Assembly to be held in the event that the number of members of the Board of Directors is less than the minimum limit valid for holding the same.
4. No member of the Board of Directors may delegate someone else to attend the meeting. As an exception, a member of the Board of Directors may delegate other members to act on his behalf.
5. The decisions of the Board shall be issued by a majority of the opinions of the members present or represented therein. In the event of a tie, the side with which the chairman of the meeting votes shall prevail.
6. The Board of Directors may issue decisions on urgent matters by presenting them to the members separately, unless one of the members requests, in writing, a meeting of the Board to deliberate thereon. In such case these decisions shall be presented to the Board of Directors at its first meeting.

Article (23): Board Deliberations

The Board deliberations and decisions shall be recorded in minutes signed by the chairman of the meeting, the attending members of the Board of Directors and the secretary. Such minutes shall be recorded in a special register signed by the chairman of the Board of Directors and the secretary.

Article (24): Agreements and Contracts

1. The company shall be entitled, after obtaining the non-objection of the Saudi Central Bank (SAMA), to conclude an agreement for the management of technical services with one or more of the eligible companies in the field of insurance.
2. No member of the Board of Directors may have any direct or indirect interest in the business and contracts concluded for the benefit of the company except with permission from the Ordinary General Assembly. The member of the Board of Directors shall notify the Board of his direct or indirect interest in the business and contracts concluded for the benefit of the company. Such notification shall be recorded in the minutes of the meeting.

3. Such member may not participate in voting on the decisions issued by the Board of Directors and the shareholders assemblies in this regard.
4. The chairman of the Board of Directors shall inform the Ordinary General Assembly, when it is held, of the business and contracts in which a Board member has a direct or indirect interest. The information shall be accompanied by a special report from the company's external auditor.
5. If the board member fails to disclose his interest, the company or any stakeholder may claim before the competent judicial authority to invalidate the contract or oblige the member to pay any profit or benefit he has achieved therefrom.
6. Responsibility for damages resulting from the business and contracts referred to in Paragraph (1) of this Article are assumed by the member who has the interest in the business or contract, as well as the members of the Board of Directors, if such business or contracts are performed in breach of the provisions of that paragraph or if it is proven that they are not fair, or involves a conflict of interests and detrimental to shareholders.
7. Members of the Board of Directors opposing the decision shall be exempted from responsibility if they explicitly prove their objection in the minutes of the meeting. Absence from the meeting in which the decision is made shall not be a reason for relief from responsibility unless it is proven that the absent member does not know about the decision or is unable to object thereto after being aware thereof.
8. No member of the Board of Directors may participate in any business that may compete with the company, or to compete with the company in one of the branches of the activity it is engaged in. Otherwise, the company may claim appropriate compensation from such member before the competent judicial authority, unless he obtains a prior permission from the Ordinary General Assembly, renewed every year - that allows him to do so.

Part V

Shareholders Assemblies

Article (25): Attending Assemblies

The properly constituted General Assembly represents all shareholders. It shall be held in the city where the company head office is located. Each shareholder, regardless of the number of their shares, shall be entitled to attend the shareholders General Assemblies. He may also delegate another person on his behalf who is not a member of the board of directors or the company employees to attend the General

Assembly. The meetings of the General Assemblies of shareholders may be held and the shareholder may participate in its deliberations and vote on its decisions by means of modern technology, according to the controls set by the Capital Market Authority.

Article (26): Constituent Assembly

The founders shall call all subscribers to hold a Constituent Assembly within (45) forty-five days from the closing date of subscription in shares, provided that the period between the date of the call and the date of the meeting shall not be less than ten days. Each subscriber, whatever the number of his shares, shall be entitled to attend the Constituent Assembly. For the meeting to be valid, it shall be attended by a number of subscribers representing at least half of the capital. If this quorum is not present, a call shall be sent for a second meeting to be held after (15) fifteen days at least from the date of the call. However, the second meeting may be held an hour after the lapse of the period set for the first meeting. The call to hold the first meeting shall include evidence of announcing the possibility of holding such meeting. In all cases, the second meeting shall be valid regardless of the number of subscribers represented therein.

Article (27): Constituent Assembly Authorities:

The Constituent Assembly shall have the authority to deal with the following matters:

1. Verifying that all shares of the company have been subscribed and that the minimum capital and the due value of the shares have been fulfilled pursuant to the provisions of these bylaws.
2. Discussing the evaluation report of in-kind shares.
3. Approving the final stipulations of the company's Articles of Association, provided that no material amendments are made to the Articles of Association presented thereto without the approval of all the subscribers represented therein.
4. Appointing the members of the company's first Board of Directors for a period not exceeding five years. This is if they are not appointed in the company's Memorandum of Association or Articles of Association, as well as appointing the first auditor if they are not appointed in the company's Memorandum of Association or Articles of Association.
5. Deliberating and approving the founders' reports on the business and expenses required the incorporation of the company. The Ministry of Commerce and the Ministry of Investment, as well as the Capital Market Authority, may delegate one (or more) agent as an observer to attend the Constituent Assembly of the company to ensure the application of the provisions of these bylaws.

Article (28): Authorities of Ordinary General Assembly:

With the exception of matters relating to the Extraordinary General Assembly, the Ordinary General Assembly shall have the authority to deal with all matters relating to the company and shall be held at least once a year during the six months following the end of the company's fiscal year. Other ordinary General assemblies may be called to meet whenever need arises.

Article (29): Authorities of the Extraordinary General Assembly:

The extraordinary General Assembly is authorised to amend the company's Articles of Association, with the exception of provisions that law prohibits amending. It may also issue decisions regarding matters within the authority of the Ordinary General Assembly, with the same terms and conditions prescribed for the Ordinary General Assembly.

Article (30): Calling Assemblies

1. The General or Special Assemblies of the shareholders shall be held at the call of the Board of Directors. The Board of Directors shall call the Ordinary General Assembly to meet if requested by the auditor, the audit committee, or a number of shareholders representing at least (5%) of the capital. The auditor may call the Assembly to meet if the Board does not invite the Assembly within thirty (30) days from the date of the auditor's request.

2. The Ordinary General Assembly may be called to be held, by a decision of the Capital Market Authority, in the following cases:

A) If the period specified for the meeting (during the six months following the end of the company's fiscal year) lapses without the meeting being held.

B) If the number of members of the Board of Directors is less than the minimum limit required for the validity of its meeting.

C) If it is proven that there are violations of the provisions of these bylaws or the company's Articles of Association, or if there is deficiency in the company management.

D) If the Board does not call the General Assembly to be held within fifteen days from the date of the request of the auditor, the audit committee, or a number of shareholders representing at least (5%) of the capital.

3. A number of shareholders representing at least (2%) of the capital may submit a request to the Capital Market Authority to convene the Ordinary General Assembly to meet, if any of the cases stipulated in Paragraph (2) of this Article is met. The Capital Market Authority shall send the call for meeting within thirty

days from the date of submitting the shareholders' request, provided that the call shall include an agenda for the Assembly business and the clauses required to be approved by the shareholders.

4. Such call along with the agenda shall be published in a daily newspaper distributed in the area where the company head office is located at least twenty-one (21) days prior to the date specified for the meeting. A copy of the call and the agenda shall be sent to the Ministry of Commerce and Investment, as well as to the Capital Market Authority. However, it may be sufficient to send the call on the mentioned date to all shareholders by registered letters. A copy of the call and the agenda shall be sent to the Capital Market Authority within the period specified for publication.

Article (31): Assemblies Attendance Register:

Shareholders who wish to attend the General Assembly or the Special Assembly shall record their names at the company head office prior to the time set for the meeting.

Article (32): Quorum for the Ordinary General Assembly Meeting:

1. The Ordinary General Assembly meeting shall not be valid unless it is attended by shareholders representing at least (a quarter) of the company capital.
2. If the requirements for holding a meeting of the Ordinary General Assembly in accordance with Paragraph (1) of this Article are not met, a call is sent for a second meeting to be held within the thirty days following the previous meeting. Such call shall be published as stipulated in Article (30) hereof. However, the second meeting may be held an hour after the lapse of the period specified for the first meeting, provided that the call to hold the first meeting includes evidence of announcing the possibility of holding such meeting. In all cases, the second meeting shall be valid regardless of the number of shares represented therein. The meetings of shareholders' general assemblies may be held and the shareholder may participate in its deliberations and vote on its decisions by means of modern technology according to the controls set by the Capital Market Authority

Article (33): Quorum for the Extraordinary General Assembly Meeting:

1. The Extraordinary General Assembly meeting shall not be valid unless it is attended by shareholders representing at least half of the company capital.
2. If the required quorum for holding the extraordinary general assembly meeting in accordance with paragraph (1) of this article is not met, a call shall be sent for a second meeting to be held within the thirty days following the previous meeting. Such call shall be published as stipulated in Article (30) hereof. However, the second meeting may be held an hour after the lapse of the period specified for the first meeting, provided that the call to hold the first meeting shall include evidence of announcing the possibility of holding such meeting. In

all cases, the second meeting shall be valid if it is attended by a number of shareholders representing at least (a quarter) of the capital.

3. If the required quorum is not present in the second meeting, a call shall be made for a third meeting to be held under the same conditions stipulated in Article (30) hereof. This third meeting shall be valid regardless of the number of shares represented therein, subject to the approval of the Capital Market Authority.

Article (34): Voting in Assemblies:

Votes in the Constituent Assembly and the Ordinary and Extraordinary General Assemblies shall be calculated on the basis of one vote per share. The cumulative vote shall be used in electing the Board of Directors, where the voting right for a share may not be used more than once. The members of the Board of Directors may not participate in voting on the decisions of the Assembly relating to their discharge of responsibility for the management of the company or relating to a direct or indirect interest they have.

Article (35): Assemblies Decisions:

Decisions of the Constituent Assembly shall be made by an absolute majority of the shares represented therein, while the decisions of the Ordinary General Assembly shall be made by the absolute majority of the shares represented in the meeting. However, if such decisions are related to evaluating special benefits, the approval of a majority of subscribers to the shares representing (two-thirds) of the aforementioned shares shall be required after excluding the special benefits that beneficiaries subscribe for. Decisions of the Extraordinary General Assembly are made by a two-third majority of the shares represented in the meeting, unless the decision is related to increasing or decreasing the capital, extending the duration of the company, or dissolving the company before the period specified herein, or merging it with a company or in another establishment, in such case, the decision is not valid unless it is made by a majority of three quarters of the shares represented in the meeting.

Article (36): Deliberation in Assemblies:

Each shareholder may discuss and deliberate the subjects on the agenda of the Assembly and direct questions in this regard to the members of the Board of Directors and the auditor. Every statement in the company's Articles of Association that deprives the shareholder of such right shall be invalid. The Board of Directors or the auditor shall answer the questions of the shareholders to the extent that does not jeopardize the interest of the company. If the shareholder finds that the answer to his question is not convincing, he shall appeal to the Assembly, and its decision in this regard shall take effect.

Article (37): Chairing the Assemblies and Preparing the Minutes:

1. The General Assembly shall be chaired by the Chairman of the Board of Directors or, if absent, the same shall be chaired by his deputy or by whomever

the Board of Directors appoints from among its members for such purpose in case of the absence of the Chairman and his deputy.

2. Minutes of the meeting of the General Assembly shall be executed including the number of shareholders present or represented, the number of shares held thereby in person or by proxy, the number of votes for such shares, the decisions made, the number of votes that agree or disagree therewith, and an adequate summary of the deliberation that takes place in the meeting. The minutes are regularly recorded after each meeting in a special register, signed by the chairman of the assembly, its secretary and the collector of votes.

Part VI Committees Emerging from Board of Directors

Article (38): Board Committees

Board committees shall be formed in accordance with the relevant laws and regulations.

Part VII Auditor

Article (39): Appointment of the Auditor:

The General Assembly shall appoint one or more auditors from among the auditors licensed to operate in the Kingdom of Saudi Arabia, and determine their remuneration and term of office. It may also re-appoint them, provided that the total period of appointment shall not exceed five consecutive years. Those who have passed this period may be re-appointed after the lapse of two years from the date of its expiry. The General Assembly may also, at any time, replace such auditors without prejudice to their right to compensation if the change occurs at an inappropriate time or for an illegitimate reason.

Article (40): Powers of the Auditor

The auditor may, at any time, review the company books, records and other documents. He may request data and clarifications that he deems necessary to obtain. He may also verify the company assets and liabilities, and other things within the scope of his work. The chairman of the Board of Directors shall enable the auditor to perform his duty, and if the auditor encounters difficulty in this regard, he shall record the same in a report submitted to the Board of Directors. If the Board does not facilitate the work of the auditor, he shall ask the Board of Directors to call the Ordinary General Assembly to consider the matter.

Article (41): Obligations of the Auditor

The auditor shall submit, to the Annual General Assembly, a report prepared in accordance with generally accepted auditing standards, including the situation of the company management regarding enabling him to obtain the data and clarifications he requests, and what he may have discovered in terms of violating the provisions of the Cooperative Insurance Companies Control Law, its Implementing Regulation, and other relevant laws, regulations, and instructions, and his opinion regarding the fairness of the company's financial statements. The auditor shall read his report before the General Assembly. If the Assembly decides to certify the report of the Board of Directors and the financial statements without listening to the auditor's report, then its decision shall be invalid.

Part VIII

Company Accounts and Profit Distribution

Article (42): Fiscal Year

The company's fiscal year starts on the first of (January) and ends at the end of (December) of the same year, provided that the first fiscal year starts from the date of the Ministerial Decision announcing the incorporation of the company and ends on (31) December of the following year.

Article (43): Financial Documents:

1- At the end of each fiscal year, the Board of Directors shall prepare the financial statements (the financial statements compose the statement of the financial position of insurance operations and shareholders, the statement of surplus (deficit) of insurance operations, the statement of shareholders' income, the statement of shareholders' equity, the statement of cash flows of insurance operations and the statement of cash flows of shareholders). The Board shall also prepare a report on the company activity and financial position for the previous fiscal year. Such report shall include the method the Board proposes for the distribution of profits. The Board shall place these documents at the disposal of the auditor, at least (45) forty-five days prior to the date specified for the meeting of the General Assembly.

2- The chairman of the Board of Directors, the Chief Executive Officer and the Finance Manager shall sign the documents mentioned in paragraph (1), and copies thereof shall be deposited at the company head office at the disposal of the shareholders, at least (21) twenty-one days prior to the date set for the meeting of the General Assembly.

3- The chairman of the Board of Directors shall provide the shareholders with the financial statements of the company, the report of the Board of Directors, and the report of the auditor, unless they are published in a daily newspaper distributed at the company headquarters. He shall also send a copy of such documents to the Capital Market Authority, the Ministry of Commerce, and the Ministry of Investment, at least (15) fifteen days prior the date of the Ordinary General Assembly meeting.

Article (44): Insurance Operations Accounts

Insurance operations accounts shall be separate from the shareholders' income statement as follows:

First: Insurance Operations Accounts:

1. An account shall be designated for earned premiums, reinsurance commissions and other commissions.
2. An account shall be designated for compensation incurred by the company.
3. At the end of each year, the total surplus, which represents the difference between the total premiums and compensations, minus the marketing, administrative and operational expenses and the necessary technical allocations, shall be determined according to the instructions regulating the same.
4. Determining the net surplus shall be as follows:
The investment return pertaining to the insured shall be added to or deducted from the total surplus stated in paragraph (3) above, after calculating their returns and deducting their realized expenses.
5. Distributing the net surplus, either by directly distributing (10%) ten percent to the insured, or by reducing their premiums for the following year, and (90%) ninety percent is brought forward to the shareholders' income accounts.

Second: Statement of Shareholders' Income:

1. Shareholders' profits shall be derived from the return on shareholders' funds investment in accordance with the rules set by the Board of Directors.
2. The shareholders' interest of the net surplus is stated in paragraph (5) of Clause First of this Article.

Article (45): Zakat and Reserves:

The company shall:

1. Set aside the zakat and income tax prescribed by law.
2. Set aside (20%) of the net profits to form a statutory reserve. The Ordinary General Assembly may stop same once the total reserve reaches (100%) of the paid-up capital.
3. The Ordinary General Assembly, when determining the allotment of shares in the net profits, may decide to form other reserves, to the extent that achieves

the interest of the company or guarantees the distribution of fixed profits as much as possible to the shareholders.

4. The company's annual net profits shall be distributed after deducting all general expenses and other costs, and the formation of the necessary reserves to meet doubtful debts, investment losses and contingent liabilities that the Board of Directors deems necessary pursuant to the provisions of the Cooperative Insurance Companies Control Law and the provisions issued by the Saudi Central Bank (SAMA). From the rest of the profits, after deducting the reserves determined by the relevant regulations and zakat, a percentage of not less than 5% of the paid-up capital shall be allocated for distribution to the shareholders according to whatever proposed by the Board of Directors and determined by the General Assembly. If the remaining percentage of the profits due to the shareholders is not sufficient to pay such percentage, then Shareholders may request that the same be paid in the following year or years. The General Assembly may not decide to distribute a percentage of the profits that exceeds what is proposed by the Board of Directors.

Article (46): Eligibility for Dividends:

The shareholder shall be eligible for his share of the dividends in accordance with the decision of the General Assembly made in this regard. The decision shall indicate the maturity date and the date of distribution. The eligibility for dividends shall be for the shareholders registered in the shareholder registers at the end of the day specified for maturity. The company shall inform the Capital Market Authority without delay about any decisions to distribute or recommend dividends. The dividends to be distributed to shareholders shall be paid at 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 (SAMA).

Article (47): Company's losses:

If the company's losses amount to (half) of the paid-up capital at any time during the fiscal year, any officer in the company or the auditor shall immediately inform the chairman of the Board of Directors when being aware thereof. The chairman of the Board of Directors shall inform the members of the Board of the same. The Board of Directors shall within (15) Fifteen days from its awareness of the same, call the Extraordinary General Assembly for a meeting within (45) forty-five days from the date of being aware of the losses, to decide whether to increase or decrease the company's capital, pursuant to the provisions of the Companies Law, to the extent that the percentage of losses decreases to less than (half) the paid-up capital, or the dissolution of the company prior to the term specified in its Articles of Association. In all cases, the decision of the Assembly shall be published on the website of the Ministry of Commerce and the Ministry of Investment. The company shall be deemed dissolved by the force of law if the Extraordinary General Assembly does not meet

within the period specified above, or if it meets but is unable to make a decision on the matter, or if it decides to increase the capital according to the conditions stated in this Article but the subscription to all the capital increase has not been completed within (90 days) ninety days from making the Assembly decision regarding the increase.

Part IX Disputes

Article (48): Company Liability

The company shall be committed to all acts conducted by the Board of Directors, even if they are beyond its authorities, unless the stakeholder acts is in bad faith or knows that such acts are beyond the authorities of the Board.

Article (49): Liability of the Board Members:

The members of the Board of Directors shall be jointly liable for compensating the company, the shareholders or others for the damage that arises from their mismanagement of the company's affairs or their violation of the provisions of the Cooperative Insurance Companies Control Law and its Implementing Regulation and other related bylaws, regulations and instructions. Any condition stipulating otherwise is shall be deemed null and void. The responsibility lies with all members of the Board of Directors if the mistake arises from a decision passed unanimously. As for the decisions made by a majority of opinions, the dissenting members shall not be responsible therefor if they explicitly prove their objection in the minutes of the meeting. Absence from the meeting in which the decision is made shall not constitute a reason for relief from responsibility unless it is proven that the absent member is not aware of the decision or is unable to object thereto after being aware thereof. The approval of the Ordinary General Assembly to relive the members of the Board of Directors from liability does not preclude filing a liability claim. The liability claim shall not be considered after the lapse of (3) three years from the date the harmful act is discovered. With the exception of cases of fraud and forgery, the liability claim shall not be considered in all cases after the lapse of (5) five years from the date of the end of the fiscal year in which the harmful act occurs or (3) three years from the termination of the membership of the concerned Board member, whichever is later. Each shareholder shall may file a liability claim stated for the company against the members of the Board of Directors if the mistake they commit will cause damage thereto. The shareholder may not file the aforementioned claim unless the company's right to file the same still exists. The shareholder shall inform the company of his intention to file a claim, while limiting his right to claiming compensation for the special damage he incurs. The company may be charged with the following expenses incurred by the shareholder to file a claim, whatever its result is, under the following conditions:

a) If he files the lawsuit in good faith.

- b) If he submits to the company the reason for which he files the claim and does not receive a response within thirty days.
- c) If it is in the interest of the company to file such claim based on the provision of Article (79) of the Companies Law.
- d) If the claim is based on a valid ground.

Part X

Liquidation of the Company

Article (50): Company Dissolution:

As soon as it is dissolved, the company enters into liquidation and maintains the necessary legal personality to the extent necessary for liquidation. The voluntary liquidation decision is made by the shareholders or the General Assembly. The liquidation decision shall include the appointment of the liquidator, his powers and fees, the restrictions imposed on his powers, and the period required for liquidation. The period of voluntary liquidation shall not exceed (5) five years, and it may not be extended for more than that except by a judicial order. The authority of the company's Board of Directors ends with its dissolution. However, they remain in charge of the company's management and are considered, for others, as liquidators until a liquidator is appointed. During the liquidation period, the company's departments shall have their authorities that do not conflict with the powers of the liquidator. During liquidation, the subscribers' right to the surplus of insurance operations and the formed reserves shall be preserved as stipulated in Articles (44) and (45) hereof.

Part XI

Final provisions

Article (51): Company Bylaws

Where these bylaws are silent, the provisions of the Cooperative Insurance Companies Control Law and its Implementing Regulation, the Companies Law and its bylaws, and other related regulations, bylaws, and instructions shall apply.

Article (52): Publishing

These bylaws shall be deposited and published in accordance with the Companies Law and its Regulation.