

Articles of Association of the Wataniya Insurance Company
Saudi joint stock company

Chapter One

Company incorporation:

Article One: Incorporation:

It shall be established in accordance with the provisions of the Cooperative Insurance Companies Control Law, the Companies Law, the Capital Market Law and its Implementing Regulations, and the Company's Articles of Association. A Saudi joint stock company shall be among the owners of the shares whose provisions are set forth below.

Article Two: Company Name:

The Wataniya Insurance Company is a Saudi joint stock company.

Article Three: Objectives of the Company:

Practicing cooperative insurance business in the general insurance, protection and savings insurance branch (according to the activity practice permit granted by the Saudi Central Bank) and the regulations and rules in force in the Kingdom of Saudi Arabia and after obtaining the necessary licenses from the competent authorities, if any.

Article Four: Participation and Ownership in Companies:

The company may establish limited liability companies, or a joint stock company by one person. It may also own shares and shares in other existing companies or merge with them, and it has the right to participate with others in the establishment of joint stock or limited liability companies - provided that the companies established by the company or participate in it or merging with it, it carries on business similar to its business or financial business or that helps it to achieve its purpose - after fulfilling the requirements of the regulations and instructions followed in this regard, and after obtaining the approval of the Central Bank of Saudi Arabia.

Article Five: The head office of the company:

The head office of the company shall be in the city of Jeddah in the Kingdom of Saudi Arabia. It is permissible by a decision of the extraordinary general assembly to transfer the head office to any other city in the Kingdom of Saudi Arabia with the approval of the Saudi Central Bank. The company may establish branches, offices or agencies for it inside or outside the Kingdom of Saudi Arabia after The approval of the Saudi Central Bank.

Article Six: Duration of the Company:

The term of the company is (99) ninety-nine Gregorian years starting from the date of its registration in the Commercial Register, and the term of the company may be extended by a decision issued by the extraordinary general assembly at least one year before the expiry of this period.

Chapter Two

The rules that the company adheres to in its conduct of business and the purposes specified for it:

Article Seven: The Company's Investments:

The company invests what it collects from the money of the insured and shareholders in the company in accordance with the rules set by the board of directors and in a manner that does not conflict with the Cooperative Insurance Companies Control Law and its executive regulations and the regulations and provisions issued by the Saudi Central Bank or any other related party.

Chapter Three

Capital and Shares:

Article Eight: Capital:

The capital of the company is (400,000,000) four hundred million Saudi riyals, divided into (40,000,000) forty million shares of equal value with a nominal value of (10) ten Saudi riyals per share, all of which are ordinary cash shares.

Article Nine: Shares underwriting:

The shareholders underwrite to the entire capital of the company, and the value was paid in full.

Article Ten: Shareholders Register:

The company's shares are traded in accordance with the provisions of the Capital Market Law and its implementing regulations.

Article Eleven: Issuance of Shares:

The company's shares are nominal and may not be issued for less than their nominal value, but may be issued for a higher than this value. In this last case, the difference in value is added in a separate item within the shareholders' equity. It is not permissible to distribute it as dividends to shareholders, and the share is indivisible in the face of the company. If the share is owned by multiple persons, they must choose one of them to represent them in the use of the rights related to it, and these persons shall be jointly responsible for the obligations arising from the ownership of the share.

Article Twelve: Trading in Shares:

1- Shares subscribed by the founders may not be traded until after the financial statements have been published for two fiscal years, each of which is not less than (12) twelve months from the date of the company's incorporation, and after obtaining the approval of the Saudi Central Bank. The bonds of these shares shall be marked with an

indication of their type, date of incorporation of the company, and the period during which trading is prohibited.

2- During the prohibition period, the ownership of shares may be transferred in accordance with the provisions of the sale of rights from one of the founders to another founder or from the heirs of one of the founders in the event of his death to third parties or in the event of execution on the funds of the insolvent or bankrupt founder, provided that the priority of owning those shares is for the other founders.

3- The provisions of this Article shall apply to what the founders subscribe to in the event of an increase in the capital before the expiry of the prohibition period.

Article Thirteen: Capital Increase:

1- The Extraordinary General Assembly may decide to increase the capital of the company after the approval of the Saudi Central Bank and the Capital Market Authority, and provided that the capital has been paid in full. The capital is not required to have been paid in full if the unpaid part of the capital belongs to shares issued in exchange for converting debt instruments or financing instruments into shares and the period set for converting them into shares has not expired.

2- The Extraordinary General Assembly may, in all cases, allocate the shares issued upon the capital increase, or part thereof, to employees of the company and its subsidiaries or some of them, or any of that. Shareholders may not exercise the right of priority when the company issues the shares allocated to employees.

3- The shareholder who owns the share - at the time of the issuance of the General Assembly's decision approving the capital increase - has priority in subscribing to the new shares issued in exchange for cash shares, and these are informed of their priority - if any - by publishing in a daily newspaper or by notifying them by registered mail of the

decision to increase the capital and the terms and conditions of the capital increase. The subscription, its duration, and its start and end date.

4- The Extraordinary General Assembly has the right to suspend the priority right of the shareholders to subscribe to the capital increase in exchange for cash shares or to give priority to non-shareholders in the cases it deems appropriate for the interest of the company.

5- The shareholder has the right to sell or relinquish the priority right during the period from the time of the issuance of the General Assembly's decision approving the capital increase until the last day of subscribing to the new shares associated with these rights, in accordance with the regulations set by the Capital Market Authority.

Article Fourteen: Capital Reduction:

1- The Extraordinary General Assembly may decide to reduce the capital if it exceeds the company's needs or if it suffers losses after the approval of the Saudi Central Bank and the Capital Market Authority, provided that the paid-up capital of the insurance company after reducing the capital is not less than (100) one hundred million riyals and not less than (100) one hundred million riyals. The paid-up capital of the reinsurance company or the insurance company that simultaneously engages in reinsurance business is (200) two hundred million riyals. The reduction decision shall not be issued except after reading a special report prepared by the auditor on the reasons for it, the obligations of the company, and the effect of the reduction in these obligations.

2- If the capital reduction is a result of it being more than the company's need, the creditors must be called to express their objections within (60) sixty days from the date of publishing the reduction decision in a daily newspaper distributed in the area in which

the company's head office is located. If one of the creditors objects and submits his documents to the company on the aforementioned date, the company must pay him his debt if it is immediate or provide him with a sufficient guarantee to pay it if it is deferred.

Chapter Four

Board of Directors:

Article Fifteen: Company Management:

The company shall be managed by a Board of Directors consisting of (10) ten members elected by the Ordinary General Assembly for a period not exceeding three years - provided that the number of members of the Board of Directors shall not be less than (5) five members and not more than (11) eleven members. The Board of Directors shall have an appropriate representation of independent members. In all cases, the number of independent members of the Council may not be less than two members or one third of the members of the Council, whichever is greater. As an exception to that, the Constituent Assembly shall appoint the members of the first board of directors for a period not exceeding (3) three years starting from the date of the publication of the decision of the Ministry of Commerce and Investment to establish the company.

Article Sixteen: Termination of Board Membership:

1- The membership of the Board of Directors ends with the end of the Board's term, resignation, death, or absence from three meetings within one year without a legitimate and acceptable excuse, or if it is proven to the Board of Directors that the member has breached his duties in a way that harms the interest of the company, provided that this is accompanied by the approval of the General Assembly or if his membership expires in accordance with any law or instructions in force in the Kingdom of Saudi Arabia, or if he is declared bankrupt or

insolvent, or applies for settlement with his creditors, or stops paying his debts, or suffers from mental illness or physical disability that may lead to the member's inability to performing his role to the fullest, or it is proven that he committed an act of dishonesty and morals, or was convicted of forgery by virtue of a final judgment.

2- The Ordinary General Assembly may at any time dismiss all or some of the members of the Board of Directors without prejudice to the right of the dismissed member towards the company to claim compensation if the dismissal occurred for an unacceptable reason or at an inappropriate time. He was responsible before the company for the damages resulting from the retirement.

3- If a member of the Board of Directors resigns, and he has comments on the company's performance, he must submit a written statement to the Chairman of the Board of Directors, and this statement must be presented to the members of the Board of Directors.

4- The Central Bank of Saudi Arabia must be notified when any member of the Board resigns or his membership is terminated for any reason other than the end of the Board session, within (5) five working days from the date of leaving the job, taking into account the relevant disclosure requirements.

Article Seventeen: Vacant Position in the Council:

In the event the position of a member of the Board of Directors becomes vacant, the Board may appoint - temporarily - a member of the vacant position who has sufficient experience and after obtaining the Central Bank of Saudi Arabia's no-objection and without considering the arrangement for obtaining votes in the general assembly through which the Board of Directors was elected and the

Ministry of Commerce, as well as the Capital Market Authority, must be notified within five (5) five working days from the date of appointment and that this appointment is presented to the Ordinary General Assembly at its first meeting, and the new member completes the term of his predecessor only.

Article Eighteen: Powers of the Council:

1- Taking into account the competences prescribed for the general assembly, the board of directors shall have the widest powers in managing the company to achieve its purposes, with the exception of what is excluded by a special provision in the companies' bylaw or this system of actions or actions that fall within the competence of the general assembly, (the board of directors shall have the widest powers In managing the company in a way that achieves its purpose, and within the limits of its competence, it may delegate one or more of its members or third parties to carry out certain work or businesses - in a manner that does not conflict with the relevant laws and regulations - and the Board of Directors, for example, but not limited to, may represent the company in its relations with third parties, government and private agencies, civil rights, police departments, chambers of commerce and industry, all companies , institutions, banks, commercial banks, money houses, all government finance funds and institutions with their various names and specializations, and other lenders, the Board may collect the execution proceeds, discharge the company's debtors from their obligations, enter tenders, buy and sell and mortgage real estate. The Board also has the right to contract and sign in the name and on behalf of the company on all types of contracts, documents and instrument, including without limitation the contracts of incorporation of companies in which the company participates with all its amendments, appendices, amendment

decisions and signing agreements and instruments before the notary public and official bodies, as well as loan agreements, guarantees, deeds and instruments for the sale of buying real estate, issuing legal agencies on behalf of the company, selling, buying, transferring, accepting, receiving, delivering, renting, leasing, receiving and paying, opening accounts and credits, withdrawing and depositing with banks, issuing guarantees to banks, funds, and government financing institutions, signing all papers, order bonds, checks, all commercial papers and documents, and all banking transactions). Also - within the limits of its competence - to authorize one or more of its members or third parties to carry out certain work or works in a manner that does not conflict with the relevant laws and regulations.

2- The board of directors may contract loans of any duration, sell or mortgage the company's assets, sell or mortgage the company's business, or release the company's debtors from their obligations, unless this regulation or issued by the ordinary general assembly restricts the powers of the board of directors in that.

Article Nineteen/Remuneration of Board Members, and Remuneration for the Chairperson and Managing Director:

1- The remuneration of the members of the Board of Directors shall be a certain amount, attendance allowance for sessions, benefits in kind, or a certain percentage of the net profits, and two or more of these benefits may be combined.

2-If the reward is a certain percentage of the company's profits, then this percentage may not exceed (10%) of the net profits, after deducting the reserves decided by the General Assembly in application of the provisions of the Cooperative Insurance Companies Control Law, the Companies Law and this Law, and after distributing a profit to the shareholders Less than (5%) of the company's paid-in capital, provided

that the entitlement to this reward is proportional to the number of sessions attended by the member, and any estimate to the contrary is void.

3-In all cases; The sum of what a member of the Board of Directors receives in terms of financial or in-kind remunerations and benefits shall not exceed five hundred thousand riyals annually (with the exception of members of the Audit Committee), in accordance with the regulations set by the Capital Market Authority.

4-The report of the Board of Directors to the Ordinary General Assembly must include a comprehensive statement of all that the Board members received during the financial year in terms of remuneration, expense allowance and other benefits. It shall also include a statement of what the council members received in their capacity as workers or administrators, or what they received in return for technical or administrative work or consultancy. It shall also include a statement of the number of Council sessions and the number of sessions attended by each member from the date of the last meeting of the General Assembly.

Article Twenty/ Powers of the Board Chairperson, term of membership, and term of membership of each of the Deputy, Managing Director, and Secretary:

The Board of Directors appoints from among its members a Chairperson and a Vice Chairperson, and shall appoint an Executive Chairperson, and may appoint a Managing Director, and it is not permissible to combine the position of the Chairperson of the Board of Directors with any other executive position in the company, and the Chairperson of the Board of Directors shall have the right to sign on behalf of the company and implement the decisions of the Board. The chairperson of the board of directors is competent to represent the company before the courts, arbitration bodies and others, and the

chairperson of the board of directors may, by a written decision, delegate some of his powers to other members of the board or to third parties to engage in specific work or businesses. The Board of Directors determines the salaries, allowances, and remunerations for each of the Chairperson and Managing Director, in accordance with what is stipulated in Article (19) of this Bylaw. The board of directors must appoint a secretary to the board. The board may also appoint one or more advisors in the various affairs of the company, and the board shall determine their remuneration. The term of the chairperson, his deputy, the managing director and the secretary of the board of directors shall not exceed the term of their membership in the board, and they may be re-elected and the board may dismiss them or any of them at any time without prejudice to the right of the dismissed members to be compensated if the dismissal occurred for an unlawful reason or at an unauthorized appropriate time.

Article Twenty-one: Board Meetings:

The council meets at the invitation of its chairperson, and the council chairperson must call for a meeting whenever two members request it, and the invitation must be documented in the manner the council deems fit. Board meetings are held periodically and whenever needed, provided that the number of annual Board meetings is not less than (4), so that there is at least one meeting every three months.

Article Twenty-Two: Board Meeting Quorum:

1- The meeting of the Board shall not be valid unless it is attended by (five) members in person or by proxy, provided that the number of the members present in person is (three) at least.

2- If the necessary conditions for the meeting of the Board of Directors are not met due to the lack of its members below the minimum stipulated in this bylaw, the remaining members shall invite the

ordinary general assembly to convene within sixty days; to elect the necessary number of members.

3- By a decision from the Capital Market Authority, the ordinary general assembly may be called to convene in the event that the number of members of the board of directors falls below the minimum for the validity of its convening.

4- A member of the Board of Directors may not delegate someone else to attend the meeting. As an exception to this, a member of the Board of Directors may delegate other members on his behalf.

5- Board decisions are issued by a majority of the opinions of the members present or represented in it, and in the event of a tie, the side with which the chairperson voted shall prevail.

6- The Board of Directors may issue decisions in urgent matters by presenting them to the members separately, unless one of the members requests - in writing - the meeting of the Board to deliberate thereon. These decisions are presented to the Board at its first following meeting.

Article Twenty-Three: Council Deliberations:

The deliberations and decisions of the Board shall be recorded in minutes signed by the Chairman of the meeting, the members of the Board of Directors present, and the Secretary. These minutes shall be recorded in a special register signed by the Chairman of the Board of Directors and the Secretary.

Article Twenty-Four / Agreements, Contracts, Conflicts of Interest and Company Competition:

1- The company has the right - after obtaining the Saudi Central Bank's no-objection - to conclude an agreement for the management of technical services with one or more companies qualified in the field of insurance.

2- A member of the board of directors may not have any direct or indirect interest in the business and contracts that are done for the company's account without a license from the ordinary general assembly. The company, and this notification shall be recorded in the minutes of the meeting.

3-This member may not participate in voting on the resolution issued in this regard in the Board of Directors and the shareholders' assemblies.

4-The Chairman of the Board of Directors informs the Ordinary General Assembly, when it convenes, about the business and contracts in which a member of the Board has a direct or indirect interest, and the notification shall be accompanied by a special report from the company's external auditor.

5-If a board member fails to disclose his interest, the company or any interested party may claim before the competent judicial authority to invalidate the contract or obligate the member to pay any profit or benefit that has accrued to him from that.

6-The responsibility for the damages resulting from the business and contracts referred to in Paragraph (1) of this Article shall fall on the member with interest in the business or contract, as well as on the members of the Board of Directors, if those acts or contracts were done in violation of the provisions of that paragraph or if it is proven that they are not fair, or involve a conflict of interest and harm the shareholders.

7-The members of the board of directors who oppose the decision shall be exempted from liability when they expressly express their objection in the meeting minutes. Absence from attending the meeting at which the decision is issued is not considered a reason for exemption from liability unless it is proven that the absent member was not aware of the decision or was unable to object to it after being aware of it.

8- A member of the board of directors may not participate in any business that would compete with the company, or compete with the company in one of the branches of the activity that it is engaged in; Otherwise, the company may ask him before the competent judicial authority for the appropriate compensation, unless he obtained a previous license from the Ordinary General Assembly - renewed every year - allowing him to do so.

Chapter Five

Shareholders' Assemblies:

Article Twenty-five: Attending Assemblies:

1-A properly constituted general assembly representing all shareholders, and it shall be held in the city in which the head office of the company is located.

2- Every shareholder, regardless of the number of his shares, has the right to attend the general assemblies of the shareholders and for this he may delegate another person other than the members of the board of directors or the company's employees to attend the general assembly. According to the regulations set by the Capital Market Authority.

Article Twenty-six: The Constituent Assembly:

1- The founders shall call all the subscribers to hold a constituent assembly within (45) forty-five days from the date of closing the subscription in the shares, provided that the period between the date of the invitation and the date of the meeting shall not be less than ten days.

2- Each subscriber - regardless of the number of his shares - has the right to attend the constituent assembly. For the meeting to be valid, the attendance of a number of subscribers representing at least (half)

of the capital is required. If this quorum is not present, an invitation is sent to a second meeting to be held at least (15) fifteen days after the invitation was sent to it. However, the second meeting may be held an hour after the end of the period specified for convening the first meeting, and the invitation to hold the first meeting must include an announcement of the possibility of holding this meeting. In all cases, the second meeting shall be valid regardless of the number of subscribers represented in it.

Article Twenty-seven: Functions of the Constituent Assembly:

The Constituent Assembly specializes in the following matters:

- a. Verify that all of the company's shares have been subscribed to and that the minimum capital and the due amount of the value of the shares have been fulfilled in accordance with the provisions of the system.
- b. Deliberation in the evaluation report of the in-kind shares.
- c. Approval of the final texts of the company's articles of association, provided that no fundamental amendments are made to the system before it, except with the approval of all the subscribers represented therein.
- d. Appointing the members of the first board of directors for a period not exceeding five years and the first auditor if they were not appointed in the company's articles of incorporation or articles of association.
- h. Deliberation and approval of the founders' report on the works and expenses required for the establishment of the company. The Ministry of Commerce, as well as the Capital Market Authority, may delegate a representative (or more) as an observer to attend the company's constituent assembly; to ensure the application of the provisions of the system.

Article Twenty-eight: Functions of the Ordinary General Assembly:

With the exception of the matters of the Extraordinary General Assembly, the Ordinary General Assembly is concerned with all matters relating to the company and convenes at least once a year during the six months following the end of the company's financial year. Other ordinary general assemblies may be called to meet whenever the need arises.

Article Twenty-nine: Functions of the Extraordinary General Assembly:

The Extraordinary General Assembly is competent to amend the company's articles of association, with the exception of the provisions that are prohibited from amending them by law, and it may issue decisions on matters falling within the competence of the Ordinary General Assembly, under the same terms and conditions prescribed for the Ordinary General Assembly.

Article Thirty: Invitation to Associations:

1- General or special assemblies of shareholders upon the invitation of the Board of Directors, and the Board of Directors must call for the ordinary general assembly to convene if requested by the auditor, the audit committee, or a number of shareholders representing at least (5%) of the Capital. The auditor may invite the assembly to convene if the board does not invite the assembly within (30) thirty days from the date of the auditor's request.

2- By a decision of the Capital Market Authority it is permissible to invite the ordinary general assembly to convene in the following cases:
a. If the period specified for the meeting lapses (within the six months following the end of the company's financial year) without it being held.

b. If the number of members of the Board of Directors is less than the minimum for the validity of its convening.

c. If it is found that there are violations of the provisions of the law or the company's articles of association, or a defect in the company's management.

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

3- A number of shareholders representing at least (2%) of the capital may submit a request to the Capital Market Authority to invite the Ordinary General Assembly to convene, if any of the cases stipulated in Paragraph (2) of this Article are available. Also the Capital Market Authority shall send an invitation to convene within thirty days from the date of submitting the shareholders' request, provided that the invitation includes a meeting agenda and the items required to be approved by the shareholders.

4- This invitation and the agenda shall be published in a daily newspaper distributed in the region in which the company's head office is located at least twenty-one (21) days before the date fixed for the meeting. A copy of the invitation and the agenda shall be sent to the Ministry of Commerce, as well as a copy to the Capital Market Authority. Nevertheless, it may be sufficient to send the invitation on the aforementioned date to all shareholders by registered letters. A copy of the invitation and the agenda shall be sent to the Capital Market Authority during the period specified for publication.

Article Thirty-one: Record of the Assemblies attendance:

Shareholders who wish to attend the general or special assembly register their names at the company's head office before the time specified for the assembly convening.

Article Thirty-two: Quorum of the Ordinary General Assembly Meeting:

- 1- The meeting of the Ordinary General Assembly shall not be valid unless attended by shareholders representing at least (a quarter) of the company's capital (and the percentage may be higher provided that it does not exceed half).
- 2- In the event that the quorum necessary to hold the ordinary general assembly meeting in accordance with paragraph (1) of this article is not available, an invitation is sent to the second meeting to be held within the thirty days following the previous meeting. This invitation shall be published as stipulated in Article (30) of this Bylaw. However, the second meeting may be held an hour after the end of the period specified for holding the first meeting, provided that the invitation to hold the first meeting includes announcing the possibility of holding this meeting, and in all cases the second meeting is valid regardless of the number of shares represented in it.

Article Thirty-three: Quorum of the Extraordinary General Assembly Meeting

1. The Extraordinary General Assembly shall not be valid unless attended by shareholders representing at least (half) of the company's capital (the percentage may be higher provided that it does not exceed two thirds).
2. If the quorum necessary to hold the extraordinary general assembly meeting in accordance with Paragraph 1 of this Article is not available, a second meeting shall be called, under the same conditions stipulated in Article (30) of this Bylaw. 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 announcing the possibility of holding this meeting. In all cases, the second meeting shall be valid if attended by a number of shareholders representing at least (a quarter) of the capital.

3. If the necessary quorum is not present in the second meeting, an invitation is sent to a third meeting to be held in the same conditions stipulated in Article (30) of this Bylaw, and the third meeting shall be valid regardless of the number of shares represented therein, after approval of the Capital Market Authority.

Article Thirty-four: Voting in Assemblies:

Votes in the Constituent Assembly and the Ordinary and Extraordinary General Assemblies are counted on a vote-per-share basis. Cumulative voting shall be used in electing the Board of Directors, so that the right to vote per 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 that are related to their discharge of liability for the management of the company or that relate to a direct or indirect interest to them.

Article Thirty-five: Decisions of the Assemblies:

Resolutions in the Constituent Assembly are issued by an absolute majority of the shares represented therein, and the decisions of the Ordinary General Assembly are issued by an absolute majority of the shares represented in the meeting (a higher percentage may be stipulated). However, if these decisions are related to the evaluation of special benefits, the approval of the majority of subscribers to the shares representing (two thirds) of the mentioned shares is required, after excluding what the beneficiaries have subscribed to the special benefits, decisions are issued in the extraordinary general assembly by a two-thirds majority of the shares represented in the meeting, unless the decision is related to an increase or

decrease in the capital, an extension of the company's term, the dissolution of the company before the period specified in its statute, or its incorporation into a company or In another institution, the decision shall not be valid unless it is issued by a majority of three quarters of the shares represented at the meeting.

Article Thirty-six: Discussion in the Assemblies:

Each shareholder has the right to discuss the topics listed on the assembly's agenda and to direct questions in this regard to the members of the Board of Directors and the auditor. Any text in this system that deprives the shareholder of this right is void. The board of directors or the auditor shall answer the shareholders' questions to the extent that the interest of the company is not harmed. If the shareholder deems that the answer to his question is not convincing, he shall appeal to the assembly, and its decision in this regard shall be enforceable.

Article Thirty-seven: Presiding over associations and preparing minutes:

1-The general assembly is chaired by the chairman of the board of directors or his deputy in his absence, or whoever is delegated by the board of directors from among its members for that in the absence of the chairman and his deputy.

2-The minutes of the meeting of the General Assembly shall be drawn up containing the number of shareholders present or represented, the number of shares they hold in person or by proxy, the number of votes assigned to them, the decisions taken, the number of votes that approved or disagreed with them, and a comprehensive summary of the discussion that took place at the meeting. The minutes are recorded regularly after each meeting in the register A special signed by the president of the association, its secretary, and the vote collector.

Chapter Six

Committees emanating from the Board of Directors:

Article Thirty-eight: Board Committees:

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

Chapter Seven

Auditor:

Article Thirty-nine: Appointment of the auditor:

The general assembly must appoint one (or more) auditors from among the auditors licensed to work in the Kingdom, determine their remuneration and the duration of their work, and it may reappoint them, provided that the total period of appointment does not exceed five consecutive years, and whoever has exhausted this period may be reappointed after Two years have passed from the date of its expiry, and the General Assembly may also, at any time, change them without prejudice to their right to compensation if the change occurred at an inappropriate time or for an unlawful reason.

Article Forty: Powers of the auditor:

The auditor may, at any time, have access to the company's books, records and other documents. He may request data and clarifications that he deems necessary to obtain. He may also verify the company's assets and obligations. And other things that fall within the scope of his work. The Chairman of the Board of Directors shall enable him to perform his duty, and if the auditor encounters difficulty in this regard, he shall prove this in a report submitted to the Board of Directors. If the Board does not facilitate the work of the auditor, it must request the Board of Directors to invite the Ordinary General Assembly to consider the matter.

Article Forty-one: Obligations of the auditor:

The auditor shall submit to the annual general assembly a report prepared in accordance with the generally accepted auditing standards ensuring the company's management position in enabling him to obtain the data and clarifications he requested and what he may have revealed of violations of the provisions of the Cooperative Insurance Companies Control Law and its executive regulations and other relevant instructions, the company's bylaws, and his opinion on the fairness of the company's financial statements. The auditor shall read out his report in the General Assembly. If the assembly decides to ratify the report of the board of directors and the financial statements without listening to the auditor's report, its decision shall be void.

Chapter Eight**Company accounts and dividends:****Article Forty-two: Fiscal Year:**

The company's fiscal year begins on the first of January and ends at the end of December of the same year, provided that the first fiscal year begins from the date of the ministerial decision announcing the establishment of the company and ends on December 31 of the following year.

Article Forty-three: Financial Documents:

1- At the end of each fiscal year, the board of directors must prepare the financial statements (the financial statements consist of: the statement of financial position for insurance operations and shareholders, a statement of surplus (deficit) insurance operations, a statement of shareholders' income, a statement of shareholders' equity, a statement of cash flows for insurance operations and a list of shareholder cash flow). And a report on the company's activity and financial position for the past fiscal year. This report includes the

method it proposes for distributing profits. The Board puts these documents at the auditor's disposal, at least (45) forty-five days before the date set for convening the General Assembly.

2- The Chairman of the Board of Directors, its Chief Executive Officer and the Financial Manager must sign the documents mentioned in Paragraph (1), and copies of them shall be deposited at the head office of the company at the disposal of the shareholders, at least twenty-one (21) days before the date set for holding the General Assembly.

3- The chairman of the board of directors must provide the shareholders with the company's financial statements, the board's report and the auditor's report, unless they are published in a daily newspaper distributed in the company's head office. He must also send a copy of these documents to the Ministry of Commerce and Investment and the Capital Market Authority, before the date of the general assembly. Ordinary for at least fifteen (15) days.

Article Forty-four: Accounts for Insurance Operations:

The accounts of the insurance operation shall be independent of the shareholders' income statement, according to the following detail:

First: Accounts for insurance operations:

1- An account shall be set aside for earned premiums, reinsurance commissions and other commissions.

2- An account shall be set aside for the 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, according to the organizing instructions, is determined.

4- The net surplus shall be determined as follows:

The total surplus mentioned in Paragraph (3) above shall be added or deducted from the investment return that belongs to the insured, after calculating their returns and deducting their realized expenses.

5- Distribution of the net surplus, either by distributing ten percent (10%) to the insured directly, or by reducing their premiums for the following year, and the percentage (90%) ninety percent is transferred to the shareholders' income accounts.

Second: Shareholders' Income Statement:

1- Shareholders' profits shall be from the return on investment of shareholders' funds in accordance with the rules set by the Board of Directors.

2- The shareholders' share of the net surplus shall be according to what is stated in the fifth paragraph of the first clause of this article.

Article Forty-five / Zakat, Reserves and Profit Distribution:

The company must:

1- To allocate the legally prescribed zakat and income tax.

2- To allocate (20%) of the net profits to form a statutory reserve, and the Ordinary General Assembly may stop this allocation when the total reserve reaches (100%) of the paid-up capital.

3- The Ordinary General Assembly, when determining the share of shares in the net profits, may decide to create 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.

4- The company's net annual profits, which it determines, shall be distributed after deducting all general expenses and other costs, and the formation of the necessary reserves to face doubtful debts, investment losses, and emergency obligations that the Board of Directors deems necessary per the provisions of the Cooperative Insurance Companies Control Law and the provisions issued by the

Saudi Central Bank, and the remainder of the profits after deducting the reserves established under the relevant regulations and zakat, a percentage of no less than (20%) -not less than 5%- of the paid-up capital is for distribution to shareholders in accordance with what is proposed by the Board of Directors and decided by the General Assembly, and if the remaining percentage of the profits due to shareholders is not sufficient to pay this percentage, the Shareholders may not demand its payment in the following year or years, and the General Assembly may not decide to distribute a percentage of profits in excess of what was proposed by the Board of Directors.

Article Forty-six: Entitlement to Dividends:

The shareholder shall be entitled to his share of the profits in accordance with the decision of the General Assembly issued in this regard, and the decision shall indicate the date of entitlement and the date of distribution. The eligibility for dividends shall be for the owners of shares registered in the shareholders' records 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 the profits 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 Central Bank of Saudi Arabia.

Article Forty-seven: Company losses:

If the company's losses amount to (half) of the paid-up capital at any time during the fiscal year, any official in the company or the auditor must immediately inform the Chairman of the Board of Directors, and the Chairman of the Board of Directors must inform the members of the Board of that, and the Board of Directors within (15) Fifteen days

from his knowledge of this, call the extraordinary general assembly to meet within (45) forty-five days from the date of his knowledge of the losses to decide either to increase or decrease the company's capital - in accordance with the provisions of the Companies Law - to the extent that the percentage of losses drops below (half) the paid-up capital, or dissolution of the company before the term specified in its articles of association. In all cases, the Association's decision shall be published on the website of the Ministry of Commerce. The company is considered dissolved by the force of law if the extraordinary general assembly did not meet within the period specified above, or if it met and was unable to issue a decision on the matter, or if it decided to increase the capital in accordance with the conditions established in this article and the subscription for all the capital increase was not completed within (90) Ninety days from the issuance of the Assembly's decision to increase.

Chapter Nine

Disputes:

Article Forty-eight: Responsibility of the Company:

The company shall abide by all acts and actions carried out by the board of directors, even if they are outside its competences, unless the stakeholder is ill-intentioned or knows that such actions are outside the board's competences.

Article Forty-nine: Responsibility of Board Members:

1- The members of the board of directors shall be jointly responsible for compensating the company, shareholders or third parties for the damage that results from their mismanagement of the company's affairs or their violation of the provisions of the Cooperative Insurance Companies Control Law and its executive regulations and other relevant regulations and instructions and this system, and every condition stipulating otherwise is considered as has not been. The

responsibility rests with all members of the Board of Directors if the error arises from a decision issued unanimously. As for the decisions that are issued by the majority of opinions, the opposing members shall not be questioned about them if they express their objection in the minutes of the meeting. Absence from attending the meeting at which the decision is issued is not a reason for exemption from responsibility unless it is proven that the absent member was not aware of the decision or was unable to object to it after being aware of it.

2- The approval of the Ordinary General Assembly to absolve the members of the Board of Directors from liability does not preclude filing a liability case.

3- The liability lawsuit shall not be heard after the lapse of (3) three years from the date of discovery of the harmful act. With the exception of the cases of fraud and forgery, the liability lawsuit shall not be heard in all cases after (5) five years have passed from the date of the end of the financial year in which the harmful act occurred or (3) three years from the termination of the membership of the concerned board member, whichever is later.

4- Every shareholder has the right to file a liability lawsuit for the company against the members of the board of directors if the mistake made by them would cause a special damage to him. A shareholder may not file the aforementioned lawsuit unless the company's right to file it still exists. The shareholder must inform the company of his intention to file the lawsuit, while limiting his right to claim compensation for the special damage he sustained.

5- The company may be charged with the following expenses incurred by the shareholder to file a lawsuit, regardless of its outcome, under the following conditions:

- a. If the lawsuit is filed in good faith.
- b. If he submitted to the company the reason for which he instituted the lawsuit and did not receive a response within thirty days.

- c. If it is in the interest of the company to file this lawsuit based on the provision of Article (seventy-ninth) of the Companies Law.
- d. That the lawsuit be based on a valid basis.

Article Fifty: Expiration of the Company:

- 1- The company, upon its expiration, enters the stage of liquidation and retains the necessary legal personality to the extent necessary for liquidation.
- 2- The voluntary liquidation decision is issued by the partners or the general assembly.
- 3- The liquidation decision shall include the appointment of the liquidator, his powers, his fees, the restrictions imposed on his powers, and the time period required for liquidation. The period of voluntary liquidation shall not exceed (5) five years, and may not be extended for more than that except by a judicial order.
- 4- The authority of the company's board of directors ends with its dissolution. However, the members of the board remain in charge of the company's management, and they are considered as liquidators for others until the liquidator is appointed, and the company's organs remain during the liquidation period with their competencies that do not conflict with the competences of the liquidator. In the liquidation, the right of the participants in surplus operations shall be preserved, insurance and reserves formed as stipulated in Articles (44) and (45) of this Law.

Article Fifty-one: The company's system

The provisions of the Cooperative Insurance Companies Control Law and its Executive Regulations, the Companies Law and its Bylaws, and other relevant regulations, bylaws, and instructions shall apply to everything not mentioned in this Articles of Association.

Article Fifty-two: Publication

This system shall be deposited and published in accordance with the Companies Law and its regulations.