



**Bylaws of
Buruj Cooperative Insurance Company
A Saudi Joint Stock Company**



Chapter (1) Incorporation

Article (1): Incorporation

The company been 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 the Company's Bylaws, as a Saudi joint stock company among the shareholders whose provisions are set forth below.

Article (2): Company Name

The company name is: Buruj Cooperative Insurance Company (Saudi joint stock Company).

Article (3): Purposes of Company

The company shall conduct cooperative insurance activities and relevant activities such as reinsurance, agencies, representation, correspondence, or brokerage. The company has the right to carry out all the activities that needs to be done to achieve its purposes, whether in the field of insurance or investing its money. The company may own, mobilize, sell, exchange, or rent immovable property and cash funds, directly through it, or through companies that it establishes, buys, or enters into partnership with other parties. The company shall carry on business in accordance with provisions of the Cooperative Insurance Companies Control Law and its Implementing Regulations, applicable laws and rules in force within the Kingdom and under licenses acquired from the competent authority, if any.

Article (4): Participation and Ownership in Companies

The company has the right to establish limited liability Companies or Saudi closed joint stock companies, provided that its capital may not be less than SAR (5) million. Furthermore, the Company may own shares and stocks in other outstanding companies or merge with the same and may participate with others in incorporating joint-stock companies or limited liability companies, provided that the companies established by the company, entered into partnership with or merged with, shall carry on activities similar to the company activities, financial activities or activities contributing to achieving its purposes upon meeting the requirements of the laws and regulations applicable in this regard and after obtaining the approval of Saudi Central Bank (“SAMA”).

Article (5): Company's Registered Office

The company’s official registered office is located in Riyadh, the Kingdom of Saudi Arabia. Upon a decision by the extraordinary general assembly, the registered office may be relocated to any other city in the Kingdom of Saudi Arabia as per the approval of SAMA. In addition, the company may establish branches, offices, or agencies inside or outside the KSA after obtaining the approval of SAMA.

Article (6): Term of the Company

The company's term is ninety-nine (99) Gregorian years as of the date of registration in the Commercial Registry. Moreover, the term hereof may be extended by a resolution to be issued by the extraordinary general assembly at least one (1) year prior to expiry date thereof.

Chapter (2)

The rules the company to comply with while conducting its activities and purposes:

Article (7): Company Investments

The company invests the money of the insured and the shareholders in the company in accordance with the rules set by the BoD and without being incompatible with the Cooperative Insurance Companies Control Law and its Implementing Regulations and other relevant regulations and instructions issued by SAMA or any other related party.

Chapter (3): Capital and Shares

Article (8): Capital

The company's capital is (300,000,000) (three hundred million SAR), divided into (30,000,000) thirty million cash shares; each nominal value is (10) SAR, all of which are ordinary cash shares.

Article (9): Subscription in Share Capital

The shareholders subscribed in full capital shares and all amount is fully paid.

Article (10): Shareholders' Register

The company shares shall be traded in accordance with Capital Market Law and its Implementing Regulations.

Article (11): Issuance of Shares

Shares shall be nominal and may not be issued at a value less than the nominal value thereof. However, shares may be issued at a value exceeding the nominal value. In such case, the difference in the value of the share shall be added in an independent clause within shareholders' rights, and may not be distributed to the shareholders as profits. A share is indivisible against the company; however, if the share is owned by several persons, they shall elect one to represent them in exercising the rights pertaining to such share. Such persons shall be equally and jointly liable for the obligations arising out of their ownership of such share.

Article (12): Trading of Shares

Shares subscribed by the founders may not be traded before the publication of the financial statements for two (2) fiscal years, each of which may not be less than twelve (12) months upon date of incorporation. Such instruments of shares shall be endorsed to clarify the type and date of incorporation as well as the period during which trading is prohibited. However, during the above prohibition period, shares may be transferred in accordance with provisions related to selling titles from one founder to another or from successors of a founder, in the case of death, to third parties. The shares may be further transferred in case of applying execution on funds of the insolvent or bankrupt founder, provided that other founders shall have the preference to acquire such shares.

The provisions of this Article shall be applied to shares subscribed by founders in case of increasing capital before elapse of such prohibition period.

Article (13): Increase in Capital

The extraordinary general assembly may decide to increase the capital-after obtaining the approval of the competent authority- provided that the Capital has been paid in full. The shareholder of the share at the time of the extraordinary general assembly decision approving the increase of company's capital, shall have the priority right in the subscription of the new shares issued against cash shares. Those shareholders, if any, shall be notified with such preference by the way of publishing the same in a daily journal or by registered post or electronic publication as required by the competent authority on capital increase decision, subscription terms, duration, and start and end date. The extraordinary general assembly shall be entitled to suspend the right of preference for the shareholders in the subscription of the capital increase in exchange for cash shares or to give preference to non-shareholders in the cases deemed appropriate for the company's interest. The shareholder has the right to sell or waive the right of preference during the period as of the issuance date of the General Assembly's decision to approve the increase of the Capital until the last day of subscription in the new shares associated with such rights, in accordance with the controls set by the competent authority.

Article (14): Decrease in Capital

The extraordinary general assembly may decide to decrease the company's capital if it exceeds the Company's need or if the Company suffers losses-after obtaining the approval of the competent authority- provided that the capital paid to the Insurer after reducing the capital shall not be less than one hundred million Saudi riyals, in addition, capital paid to the Reinsurer or the Insurer conducting reinsurance activities at the same time shall not be less than two hundred million Saudi riyals. The decision of capital decrease shall be issued only after reading the auditor's report on the reasons for such report, the obligations applied to the company and the effect of the decrease on such obligations. If the capital decrease is due to the capital being in excess over the company's needs, the creditors shall be invited to submit their objections within sixty (60) days from the date of publication of the decrease decision in a daily journal distributed in the area where the company's registered office is located. If any creditor objects and submits documents to the company within the above period, the company shall pay the due debt if it is present or provide sufficient security to satisfy it if the same is deferred.

Chapter (4): BoD

Article (15): Company's Management:

The company shall be managed by a BoD consisting of seven (7) members to be elected by the ordinary general assembly for a period not exceeding three (3) years. The composition of the BoD shall demonstrate an appropriate representation of the independent members. In all cases, the number of independent members of the Board may not be less than two members or one third of the members of the Board, whichever is more. As an exception to this, the incorporating assembly shall appoint the members of the first BoD for a period not exceeding (3) three years as of the date of declaring the decision of the Ministry of Commerce and Investment to establish the company.

Article (16): Expiry of the Membership:

The term of the BoD membership shall expire by the end of the Director defined term of appointment, its resignation, or its death or if it is proved to the BoD that the Director has failed to carry out its duties in a manner that affects the interest of the company, provided that the ordinary general assembly's approval shall be obtained or the membership has been expired in accordance with any laws and instructions applicable in KSA, if a director declares its bankruptcy or insolvency, submits a request for settlement with its creditors, stops paying its debts, lacks of the full legal capacity, or becomes mentally ill or if it is proven that it committed an act of breach against integrity and morals, or if it was convicted of forgery. Nevertheless, the ordinary general assembly may, at all times, dismiss all or any of the board directors without prejudice to the dismissed director's right to claim reimbursement if such dismissal has taken place without reasonable cause or at untimely manner. Furthermore, a board director may resign, provided that such resignation is in proper time; otherwise, such director shall be liable to pay compensation to the company for any damage arising from such resignation.

Article (17): Membership Vacancy

If any post becomes vacant in the BOD, the BOD shall temporarily appoint a director of sufficient experience to fill that post after obtaining a no objection from SAMA and without considering the arrangement for obtaining votes in the General Assembly through which the BoD was elected; provided that the Capital Market Authority shall be informed thereof within five (5) working days. Such appointment shall be presented to the ordinary general assembly in its foremost meeting. The newly-appointed Director shall complete the terms of his predecessor only. Upon a decision by the competent authority, an invitation to hold the ordinary general assembly may be convened If the quorum is less than the required. SAMA shall be informed when any director resigns or its membership is terminated for any reason other than the expiry of the board's term, within (5) five working days from the date of leaving the position, taking into consideration the relevant disclosure requirements.

Article (18) Board Powers:

Subject to the authorities given to the General Assembly, the BoD shall have all powers to manage the company in order to achieve its purposes. Further, it may also, within the limits of its authorities, delegate one or more of its directors or third parties to carry out certain activity or activities - in a manner that does

not conflict with the relevant laws and regulations. The BoD may, for example, but not be limited to, represent the company in its relations with third parties and governmental and private authorities. The Chairman of the BoD shall have judicial powers before all Sharia courts, the Board of Grievances, labor offices, the higher and Preliminary committees for settlement of labor disputes, the commercial note committee, all other judicial committees, arbitration tribunal and civil rights bodies, police departments, chambers of commerce and industry, all companies, institutions, banks, commercial banks, money houses, all funds and government finance institutions with their various names and purposes and other loaners. The Chairman may further declare, claim, defend, file cases, appeal, waive, conciliate, accept and deny judgments, arbitrate, request execution of judgments and oppose them, cash in amounts arise from execution, discharge the company's debtors from their obligations, enter into tenders, buy, sell and mortgage real estate. The Chairman of the Board may also have the right to contract and sign in the name and on behalf of the company all types of contracts, documents and papers, including without limitation the articles of association of companies in which the company participates with all their amendments, and addendum, decisions to amend and sign agreements and instruments before the notary public and official bodies, as well as loan agreements, guarantees, securities and instruments to sell and buy real estate, and issue legal power of attorney on behalf of the company, sell, buy, title transfer and accept title transfer, receive and deliver, rent and lease, receive and pay, open accounts and credits, as well as 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.

Article (19): Director Remunerations:

The minimum annual remuneration for the Chairman and directors of the Board is SAR 120,000, and the maximum amount is SAR 500,000 annually against their membership in the BoD and their participation in its activities, inclusive of additional remuneration in the event of a director's participation in any of the committees stemmed from the BoD, excluding the Audit Committee.

In case the company realizes profits, a percentage equal to (10%) of the rest of the net profit may be distributed after deducting the reserves specified by the General Assembly in application of the provisions of the Cooperative Insurance Companies Control Law and after distributing a profit to shareholders of no less than (5%) of the company's paid capital , provided that the entitlement to such remuneration is inconsistent with the number of sessions attended by the director, and any estimate to the contrary shall be void.

In all cases, the remuneration the director shall have of bonus, financial or moral advantages shall not be more than SAR 500,000.

The maximum limit for the allowance for attending the sessions of the BoD and its committees shall be an amount of SAR 5000 against each session, excluding travel and accommodation expenses.

Each director of the Board, including the Chairman shall be compensated against the actual expenses they incur in order to attend meetings of the Board or committees stemmed from the BoD, including travel, accommodation and subsistence expenses.

The BOD's report submitted to the ordinary general assembly shall contain a detailed statement of all amounts paid to the board directors during the fiscal year, such as remunerations, expenses allowance and other benefits. In addition, such report shall include a statement of amounts received by board directors as workers or administrators, or against technical, administrative or consultation services. The report shall also include a statement of the number of BOD sessions and the number of sessions attended by each member from the last General Assembly Meeting.

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

The BoD shall, amongst its directors, appoint a chairman, a vice chairman, an executive chairman, and may appoint a managing director. It is not permissible to jointly hold the position of the chairman and any other executive office in the Company. The Chairman of the BoD shall have the right to sign on behalf of the company and implement the decisions of the Board. The Chairman of the BoD shall have the authority to represent the company before the judiciary, arbitration tribunals and others. The Chairman of the BoD may, by virtue of a written decision, delegate some of its powers to other directors of the Board or third parties to carry on some activities. The BoD shall determine the salaries, allowances, and bonuses for each of the Chairman and Managing Director, in accordance with Article (19) of this Bylaw. The BoD shall appoint a secretary to the board. The Board may also appoint one or more consultants in relation to company's various affairs. It shall also determine their remuneration. The term of the Chairman, vice Chairman, the Managing Director and the secretary of the BoD shall not exceed the term of their membership in the board, and they may be re-elected and the board at any time may remove them or any of them without prejudice to the right of the removed members to be reimbursed if the removal occurred for an illegal reason or at any inconvenient time.

Article (21): BOD Meetings:

The BOD shall convene at Company's registered office by the Chairman invitation. The Chairman shall call for a meeting if required by two directors and the invitation shall be documented in the manner the board deems appropriate. Board meetings shall be held periodically and whenever needed, provided that the number of annual Board meetings shall not be less than (4), so that there is at least one meeting every three months.

Article (22): Quorum at Meetings of the BoD

The Board meeting shall only be valid if attended by five of board directors, whether personally or by proxy, provided that the number of directors personally attend is at least four, including an independent director. The board director may delegate any director in the board to attend and vote in the Board's meetings. The BoD decisions shall be passed by an absolute majority vote of the attending or deputized members and in case of equal votes; then the Chairman of the board has the casting vote. It shall be permissible for the BoD to issue decisions in urgent issues by way of circulation through presenting them separately to the members, unless one member requests the Board to hold a meeting in order to deliberate such decisions. These decisions shall be submitted to the Board at its first following meeting.

Article (23): Deliberations of the BoD

Deliberations and decisions of the BOD shall be recorded in minutes to be signed by the Chairman of the meeting, presenting directors and the secretary. Such minutes shall be recorded in special register to be signed by the Chairman and secretary of the Board.

Article (24): Agreements, Contracts and Conflict of Interests

Upon acquisition of no-objection from SAMA, the Company may enter into an agreement for managing technical services with company or more amongst companies qualified and competent in the insurance industry. The board directors may enter into insurance contracts to which they have interest; provided that details of these contracts shall be delivered to the General Assembly by the Chairman. Member of the board shall notify the board with respective direct or indirect interest in works and contracts made in favor of the company and such notification shall be verified and confirmed in minute of meeting. Such member shall not take part in voting on decision issued in this regard in the meetings of BoD and meetings of shareholders. Chairman of the board shall notify the ordinary general assembly when being convened on works and contracts in which a board member has direct or indirect interest. The notification shall be accompanied by report issued by the external auditor of the company. If the board member did not disclose his interest; then the company or each stakeholder may claim the invalidation of the contract before competent judicial authorities or obligate the member to repay any profit or interest achieved from the same.

Chapter (5)

Shareholders Meetings

Article (25): Attending Meetings

Duly constituted general assembly representing all shareholders and shall be convened at the city in which head office of the company is located. Each shareholder, regardless number of respective shares, is eligible to attend shareholders' general assemblies and may delegate other person not from members of the board or staff of the company to attend the general assembly. Shareholders' general assemblies may be held and shareholder may participate in the deliberations thereof and vote on decisions using state-of-the-art technologies in accordance with controls established by the Capital Market Authority.

Article (26): Incorporating Assembly

1. Founders shall invite all subscribers to convene the incorporating assembly within forty-five (45) days upon date of closing shares subscription, and each subscriber, regardless number of respective shares, is eligible to attend the incorporating assembly. In order to meeting to be valid; number of subscribers representing at least half of capital shall attend the assembly. If such quorum is not available; then invitation shall be served for second meeting to be held fifteen (15) days at least after serving note for such meeting. However, second meeting may be held one (1) hour after expiry of duration set forth to hold the first meeting. Invitation of the first meeting shall involve announcement on possibility to

convene such second meeting. Generally, the second meeting shall be valid notwithstanding number of subscribers represented in the same.

Article (27): Competencies of Incorporating Assembly

The incorporating assembly is concerned with the following:

- 1) Verify the subscription in all shares of the company and payment of least share capital in accordance with due sum of share value.
- 2) Adopt the final drafting of the Bylaws of the company, provided that no essential amendments shall be made to the same unless with consent of all represented subscribers.
- 3) Engaging members of the first BoD for duration not more than three (3) years if they are not engaged already in the articles of association or bylaws of the company.
- 4) Appointing auditors for the company and determining their salaries if they are not already appointed in the articles of association of the company.
- 5) Deliberation on founders' report about works and expenses necessary for incorporation of the company and adopting the same.

Article (28): Competencies of the Ordinary General Assembly

Except for the matters falling within the jurisdiction of the extraordinary general assembly, the ordinary general assembly shall have the jurisdiction over all matters related to the Company, and shall hold a meeting at least once a year within six (6) months following the end of the company's fiscal year. Other ordinary general meetings may be called for whenever needed. The ordinary general assembly is concerned with forming the auditing committee and identifying remuneration thereof.

Article (29): Competencies of the Extraordinary General Assembly

The extraordinary general assembly shall have the power to amend the company's Bylaws, except for the matters that are not amended under the law; furthermore, the extraordinary general assembly shall have the power to issue decisions pertaining to the matters that falling primary within the jurisdiction of the ordinary general assembly in the same conditions and terms specified for the ordinary general assembly.

Article (30): Invitation of the General Assemblies

The General or special meetings of the Shareholders shall be held by an invitation of the BoD. The BoD must call for the convention of the ordinary general meetings upon the request of the auditor, or the Audit Committee, or by a number of Shareholders representing at least 5% of the share capital. The auditor may call for a meeting of the General Assembly if the BoD did not call for it within (30) days of the date of the auditor's request. The invitation for the General Meeting and agenda shall be published in daily gazette circulated in the region in which the head office of the company is located, at least twenty-one (21) days prior to the convention of the meeting. Copy of the invitation and agenda shall be sent to Capital Market Authority. However, sending invitations on the said date to all shareholders via registered letters may suffice. A copy of

the invitation and of the agenda shall be sent to the Capital Market Authority within the timeframe defined for the publication.

Article (31): General Assembly Attending Register

Shareholders that are interested in attending the General or special Assembly shall register their names in the Head Office before the time set forth for convening of the Assembly.

Article (32): Quorum at the Ordinary General Meeting

The ordinary general meeting shall be valid only if attended by shareholders representing at least (25%) of the share capital. If such quorum is not present at the first meeting; then an invitation shall be sent for a second meeting to be held within thirty (30) days from the previous meeting. Such invitation shall be published in the manner provided for in article (30) of these Bylaws. However, it is possible to hold the second meeting one hour after lapse of time set forth to hold the first meeting, provided that the invitation for first meeting shall include reference on possibility to hold second meeting in this manner. The second meeting shall be valid irrespective of the number of shares represented therein. General meeting of shareholders may be held and shareholder may participate in the deliberations thereof and vote on decisions using state-of-the-art technologies in accordance with controls established by the Capital Market Authority.

Article (33): Quorum at Extraordinary General Meeting

The extraordinary general meeting shall be valid only if attended by shareholders representing at least half (50%) of the Share Capital. If such quorum is not present at the first meeting of the extraordinary general assembly in accordance with clause (1) herein; then an invitation shall be sent for a second meeting in the manner provided for in article (30) of these Bylaws. However, it is possible to hold the second meeting one hour after lapse of time set forth to hold the first meeting, provided that the invitation for first meeting shall include reference on possibility to hold second meeting in this manner. The second meeting shall be valid if being attended by number of shareholders representing at least (25%) of the share capital. In case this quorum is not attended in the second meeting; then invitation shall be served for third meeting under the same conditions provided for under article (30) of these Bylaws. Third meeting shall be valid irrespective of number of shares represented herein and upon consent of the Capital Market Authority. The second meeting shall be valid irrespective of the number of shares represented therein. The general meetings of shareholders may be held and shareholder may participate in the deliberations thereof and vote on decisions using state-of-the-art technologies in accordance with controls established by the Capital Market Authority.

Article (34): Voting in the General Assemblies

Votes in the incorporating assembly, ordinary and extraordinary assemblies are calculated on the basis of one vote for each shareholder. Accumulative voting shall apply in electing the BoD, so that right of voting for each share shall be used one time only. Members of the board shall not take part in voting on decisions of the assembly related to discharging them from liability on managing the company or related to any direct or indirect interest for them.

Article (35): Decisions of Assemblies

Decisions of the incorporating assembly shall be issued under absolute majority of shares represented in the same. Decisions of the ordinary general assembly shall be issued by the absolute majority of shares represented in the meeting (it is possible to provide for higher percent). However, in such decisions are related to estimation of special benefits; then it is necessary to have consent of majority shareholders representing two thirds (2/3) of the said shares upon eliminating shares of beneficiaries of such special benefits. Decisions in the extraordinary general assembly shall be issued by majority of two thirds (2/3) of the shares represented in meeting, unless if decision is related to increasing or decreasing capital or to extend duration of the company, dissolve the company before the established period thereof, merger into another company or establishment; in such condition the decision shall be valid only if issued by majority of three quarters (3/4) of shares represented in the meeting.

Article (36): Deliberations in the Assemblies

Any shareholder shall have the right to discuss the matters put on the Agenda of the General Meeting as well as to address pertinent questions to the Directors and the Auditors. Any provision restricting shareholder from such right is invalid. The Directors and Auditors shall answer shareholders' questions to such an extent that would not jeopardize the Company's interest. In case a shareholder feels that the answer to his question is unsatisfactory he may appeal to the General Meeting whose decision shall be valid in this respect.

Article (37): Chairing the Assemblies and the Preparation of the Minutes

- 1- The General Meeting shall be presided over by the Chairman of the BoD or the Vice Chairman in the Chairman absence, or by any such member as delegated by the BoD from among its members present at the meeting, if the Chairman and the Vice Chairman absent in the Meeting.
- 2- Minutes of meeting of the General Assembly shall be prepared including the number of the Shareholders present in person or represented by proxy, the number of shares held by them whether in person or by proxy, the number of votes attached to such shares, the decisions adopted, the number of votes supporting or opposing such decisions, and a sufficient summary of the deliberations conducted during the meeting. After each meeting, all minutes shall be regularly recorded in a special register to be signed by the Chairman of the General of the Meeting, the Secretary and the Votes Collector.

Chapter (6)

Committees Stemmed from the BoD

Article (38): Committees of the BoD

Committees of the BoD shall be formed in accordance with related laws and regulations and under a decision of the ordinary general assembly. An audit committee shall be composed of not less than three (3) and not more than five (5) non-executive directors, whether or not from amongst the shareholders. The decision shall specify the functions and controls of the Committee and the remuneration of its directors.

The Audit Committee meeting shall be valid only if attended by the majority of its directors, and its decisions shall be passed by a majority vote of the attending directors. In case of a tie, the Chairman of the meeting will have a casting vote.

The Audit Committee shall monitor the company's business activities. To this end, the Committee shall have access to the company's records and documents and may request any clarification or statement from board directors or the Executive Management. The Committee may ask the BoD to call for a company's general assembly meeting if the Board obstructs its operations or if the company suffers substantial damage or loss.

The Audit Committee shall review the company's financial statements and the auditor's reports and notes, and shall give its opinion thereon, if any. The Committee shall also prepare a report including its opinion on the efficiency of the company's internal control system and the other activities it performed within its powers. The BOD shall maintain sufficient copies of this report at the company's registered office at least twenty-one (21) days prior to the date the General Assembly meeting to provide any interested shareholder with a copy of the report. The report shall be recited at the Assembly meeting.

Chapter (7)

Auditor

Article (39): Appointment of the Auditor

The company shall have auditor(s) from amongst those licensed to work in KSA. The ordinary general assembly shall annually appoint such auditor and specify their remuneration and term of office. The ordinary general assembly may also, at all times, change the auditor without prejudice to their right to claim compensation if the change occurs at inappropriate time or for an illegitimate reason.

Article (40): Powers of the Auditor

The auditor may, at any time, have access to the company's books and records or any other documents, ask for any statements or clarifications as he deems necessary to verify the company's assets and liabilities and perform any other functions within the scope of his duties. The Chairman shall enable the auditor to perform his duties. If the auditor encounters any difficulty in this regard, he shall state the same in a report to be submitted to BOD. If the Board fails to facilitate the auditor's work, the auditor shall ask the Board to call for an ordinary general assembly meeting to consider the matter.

Article (41): Obligations of Auditor

Auditor shall submit a report to the annual general assembly to be prepared in accordance with common auditing practices including position of company's management in terms of enabling the auditor to acquire requested information and clarifications and detected violations to provisions of the Cooperative Insurance Companies Controlling Law and Implementing Regulation thereof, other related regulations and instructions and Bylaws of the company. Further, the report shall involve views of the auditor on how fair are the financial

statements of the company. The auditor shall read his report in front of the general assembly. If the general assembly determined the ratification of BoD' report and financial statements without listening to auditor's report; then the decision thereof is invalid.

Chapter (8)

Company's accounts and Distribution of Profits

Article (42): Financial Year

The company's financial year shall commence as of January 1st and shall end on December 31st of each calendar year. However, the company's first financial year shall commence as of the date of ministerial decision announcing the incorporation of the company and expires as of December 31st of the next year.

Article (43): Financial Documents/Instruments

1. The BoD shall, at the end of each financial year of the company, prepare the financial statements of the company that consists of: statement of balance sheet for operations of insurance and shareholders, statement of surplus (deficit) of insurance operations, statement of shareholders' income, statement of shareholders' equity, statement of cash flows for insurance operations, statement of cash flows for shareholders, in addition to a report of its activities, and a balance sheet of the financial year that ended; the report shall contain the suggested means of distributing profits. The Board shall put these documents under the disposal of the Auditor at least (45) days before the date of the General Assembly.
2. The Chairman of the Board, the Chief Executive Officer and Chief Financial Officer shall sign the documents referred to in clause (1) of this article. Copies of these documents shall be filed in the company's registered office under full disposal of the shareholders at least twenty-one (21) days before the date of the General Assembly.
3. The Chairman of the Board shall provide shareholders with the company's financial statements, the Board of Director's Report, and the Auditor's Report unless the same are published in daily gazette circulated in place of the Head Office of the company. Further, the Chairman of the Board shall provide the copy of such documents to the Ministry of Commerce and Investment as well as the Authority if the company is listed in the Capital, at least (15) days before the date of the General Assembly.

Article (44): Insurance Operations accounts

Insurance operations accounts shall be separate from statement of shareholders' income in accordance with the following details:

First Insurance operations accounts:

1. An account shall be assigned for acquired premiums, re-insurance commissions and other commissions.
2. An account shall be dedicated to compensations incurred by the company.

3. By end of each year the total surplus shall be identified which represent variation between total premiums and compensations less marketing, administrative and operating expenses and necessary technical provisions in accordance with organizing instructions.
4. Net surplus shall be identified as follows:
Add to surplus the total set forth in clause (3) hereinabove or deduct amounts allotted to insured from investment revenue upon calculating revenues belonging to them and upon deducting realized expenses.
5. Allotment of net surplus takes place either through the allotment of ten (10%) percent directly to the insured, or by reducing their premiums for the next year. Ninety (90%) percent shall be forwarded to shareholders' income accounts.

Second: Shareholders' statement of income:

1. Shareholders' profits are formed from shareholders' funds investment return in accordance with rules established by the BoD.
2. Share of shareholders from net surplus is calculated in accordance with provisions of clause (5) of item "First" herein.

Article (45): Zakat and Reserves

The company shall:

1. Set aside the duly established zakat and income tax.
2. Set aside twenty (20%) percent of net profits to form the statutory reserve. The ordinary general assembly may stop such appropriation whenever total reserve reaches (100%) of the paid-up capital.
3. The ordinary general assembly, at the time of identifying stock share in net profit, may determine the creation of other statutory reserve pursuant to the company interest or in a manner that ensures the distribution of fixed profits to the shareholders to the possible extent.

Article (46): Maturity of Profits

(A) Shareholders is entitled to share of profits in accordance with decision of the general assembly issued in this regard. The decision shall clarify date of maturity and date of distribution. Priority of such profits is given to holders of shares registered with shareholders' registers by end of day set forth for maturity. The company shall notify the Capital Market Authority without any delay with decisions on distribution of profits or recommendations on the same. Profits distributable to shareholders shall be paid at place and times established by the BoD in accordance with instructions issued by the competent department and in consideration of prior written consent of SAMA.

(B) The Company may distribute interim dividends to its shareholders on a semi-annual basis after meeting the following requirements:

- 1) The ordinary general assembly shall authorizes the BoD to distribute interim profits upon decision renewed annually.
- 2) The company shall be of a regular well profitable nature.

- 3) The company shall enjoy a reasonable liquidity and can reasonably predict its level of profits.
- 4) The company shall has a sufficient distributable profits according to the latest audited financial statements to cover the proposed profits after deducting and capitalizing what has been distributed from those profits after the date of these financial statements.

Article (47): Losses of the Company

If the company's losses, at any time during the financial year, reached half of its paid-up capital, any executives of the company or the auditor shall, as soon as such losses become known to them, notify the Chairman of the BoD. The Chairman of the Board shall immediately notify other Board members of that situation, and the Board shall, during (15) days of their knowledge, call for an extraordinary general assembly Meeting during (45) days of their knowledge to decide either to increase or reduce the company's share capital in accordance with the provisions of the Companies Law, and to the extent that losses decrease to be less than half of the paid-up capital; or if the company prematurely dissolved before its expiry as stated in Bylaws of the company. In any case, the decision of the extraordinary general assembly shall be published on the websites of the Ministry of Commerce and Investment. The company shall be deemed dissolved by force of the Companies' Act if the extraordinary general assembly did not convene during the period set forth in the above clause, or if it is convened but did not pass a decision in the matter, or if it decided to increase the Capital as set forth in this article and the entire Capital increase was not subscribed for during (90) days since the issuance of the general assembly decision.

Chapter (9) Disputes

Article (48): Company's Liability

Company shall be liable with all actions and conducts of the board of director even if they are out of competency thereof, unless if the stakeholder has a bad faith or knows that such actions are outside competency of the board.

Article (49): Liability of Board Members

1. Members of the BoD are jointly liable for compensating company, shareholders or third parties for damage arising out of their mismanagement of company's affairs or violating provisions of Cooperative Insurance Companies Controlling Law and Implementing Regulation thereof, other related regulations and instructions and these Bylaws and any condition contrary to the same is inoperable. All members of the BoD are liable if fault took place attributing to unanimous decision issued by them. For decisions adopted under majority of votes; the members rejecting the same are not liable for such decisions when they could prove their express objection in minute of meeting. Absence from the meeting in which decision is adopted in not reason to relieve member from liability, unless if the absent member could prove that he does not know about the decision or could not object the same upon knowing such decision.

2. Consent of the ordinary general assembly on clearing/discharging members of the board shall not preclude the filing of liability claim.
3. Liability claim could not be heard upon lapse of three (3) years from date of discovering the damaging action, except in fraud and forgery conditions. Generally, liability claim could not be heard after five (5) years from expiry date of the fiscal year in which the damaging action took place or after three (3) years from date of membership expiry of the concerned member of the board, whichever is far.
4. Each Shareholder shall have the right to institute an action for liability prescribed for the company against the Board members if the wrongful act committed by them caused personal harm to that shareholder. The shareholder may only institute such action if the company's right to do so is still valid and notifying the company of his intention to institute such an action and right is limited to claim the reimbursement for damage affected him.

Chapter (10)

Dissolution of the Company

Article (50): Dissolution of the Company

The company, once dissolved, will enter into the phase of liquidation and it will retain its legal personality to such extent as required for its liquidation.

The voluntary liquidation decision shall be issued by the Capital Market Authority.

The decision shall include the appointment of the liquidator, specifying his powers and fees, the restrictions imposed on his powers and the time required for liquidation. The voluntary liquidation period shall not exceed five (5) years and may not be extended by a judicial order.

The powers and authorities of the BoD shall cease upon the dissolution of the company. Nevertheless, the BoD will continue to manage the company, and will be deemed, as regards third parties, to be the liquidators of the company until such time when a liquidator is appointed. The company's BoD shall remain active during the liquidation period and their role shall be limited to exercising such powers as not inconsistent with those of the liquidator. Liquidation shall maintain rights of shareholders in insurance operations surplus and reserves created under articles (44) and (45) of these Bylaws.



Chapter (11)

Final Provisions

Article (51): Company's Bylaw

Unless otherwise provided for in these Bylaws, provisions of Cooperative Insurance Companies Control Law and Implementing Regulation thereof, Companies Law and Regulations thereof, other related laws, regulations and instructions shall apply herein.

Article (52): Publication

These Bylaws shall be filed and published in accordance with provisions of the Companies Law and Regulations thereof.