

Saudi Insurance Sector H1 2015

The report depicts the performance of insurance sector in Saudi Arabia during H1 2015 with the exception of Weqaya*. The report also shows the main insurance indicators as gross written premium, net earned premium, claims incurred and net income for the sector and individual companies.

Source: Insurance Companies filings, SAMA and Tadawul.

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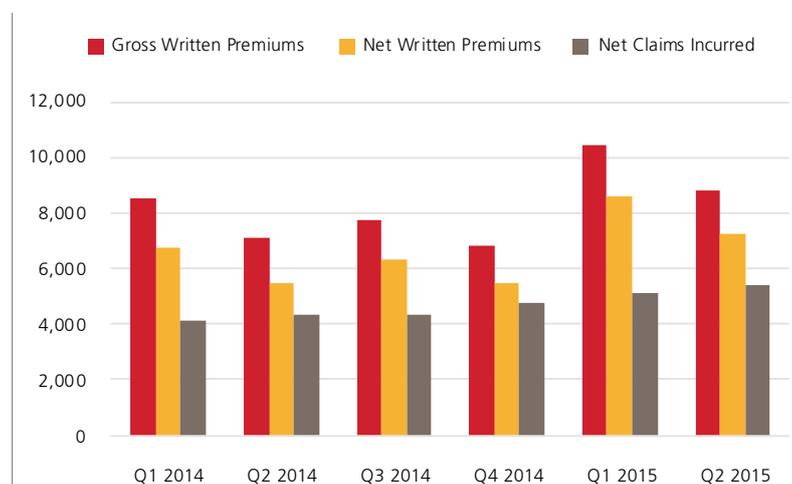
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Summary

- Gross written premiums reached SAR 19.3 billion in H1 2015 revealing growth of 23% over the same period of the previous year driven by the growth in compulsory insurance.
- Health insurance represented 51% of the size of the insurance sector versus 47% for general insurance and 2% for protection and savings insurance
- The growth of the real estate finance will contribute to the growth of property, casualty and responsibilities insurance..
- Twenty three companies achieved profits in H1 2015 while 11 companies suffered losses.
- Three companies seized 51% of the market size, and 10 companies have their market shares ranging from 2% to 5% representing a total of 29%. the 20 remaining companies accounted for 20% of total market.

Insurance Sector Quarterly Evolution (SAR million)



* The company has not released its financial statements of Q2 2015.

Sector Overview

The Saudi insurance market is still one of the largest and fastest growing markets in the region growing 23% during the first half of this year compared to the same quarter of last year coming in at SAR 19.3 billion. The figure is expected to reach SAR 36.9 billion at the end of 2015.

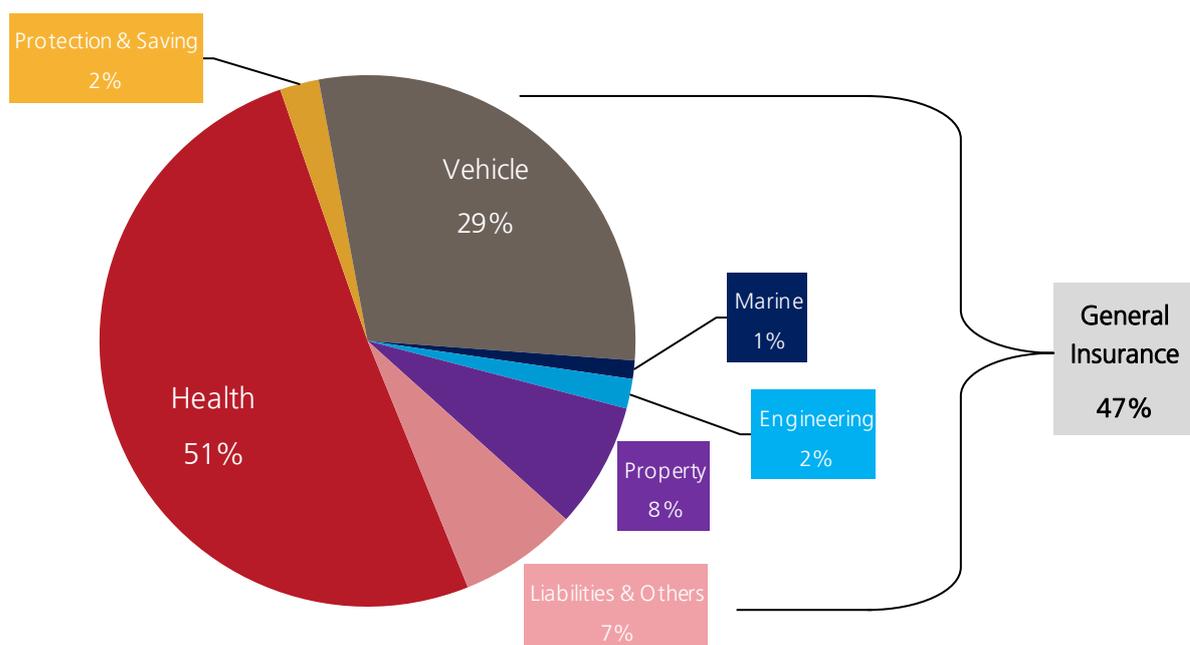
The sector witnessed in 2014 an improvement in the claims and expenses ratios which reflected positively on the overall financial performance achieving total profits of SAR 817 million. The factors that stood behind this improvement were the regulatory changes in 2013 which stipulated enhanced technical reserves and the application of all actuarial standards.

At the end of June 2015, the number of insurance and reinsurance companies licensed in the Saudi market reached 33 companies* operating in at least one of the three main insurance activities which include general insurance, health insurance as well as protection and savings insurance. General insurance includes seven sub-activities: vehicles, marine, aviation, energy, engineering, accident and responsibilities, and finally property and fire insurance.

The driving growth factors and risks of the different insurance activities vary according to the type of insurance, competition as well as market growth. Despite the market is pushed by mandatory insurance lines – health and vehicle insurance constituting 90% of the insurance market – some regulations may stimulate other insurance lines. Therefore, some factors may affect one line or the sector overall. Accordingly, we believe the following factors to shape the sector in 2015:

- The Council Of Cooperative Health Insurance is the main driver of increasing demand for compulsory health insurance. By the end of 2006 the council started enforcing compulsory health insurance for all non-Saudi employees in the private sector. At the end of last year, the council issued a decision enforcing health insurance for all the families of foreign residents working in the private sector, which contributed to an increase of demand for health insurance services during the first half this year by about 25%. We expect this growth to accelerate for the rest of the year by increasing health insurance for the families of Saudi employees working in the private sector totaling 5.5 million citizen where only 58% are covered, as well as expectations of mandatory insurance for visitors to Saudi Arabia starting from Q4 2015.
- Continuing low interest rates keep the return on insurance investments at low levels.
- The growth of the real estate finance will contribute to the growth of property, casualty and responsibilities insurance.
- We believe growth potentials of insurance industry in Saudi Arabia will stimulate gulf insurers to try to build a presence in the market.

Segment Market Share Breakdown - H1 2015



* Weqaya and SANAD are suspended from trading

Sector Overview

In H1 2015, gross written premiums in Saudi Arabia rose by 23.4% from the same period of last year reaching SAR 19.3 billion shifting from SAR 15.7 billion in H1 2014 driven by the acceleration of growth in health insurance where its gross premiums skyrocketed 25% coming in at SAR 9.8 billion compared to SAR 7.8 billion in H1 2014, while vehicle insurance premiums grew by 38% hitting SAR 5.6 billion versus SAR 4.1 billion in H1 2014. Growth of vehicle insurance pushed the growth of general insurance by 24% in H1 2015 posting SAR 9 billion versus SAR 7.3 billion. As for protection and savings insurance, the figure slumped 2% to SAR 456 million compared to SAR 467 million in H1 2014.

The growth of general insurance was motivated by the growth of vehicle insurance premiums by 38% in H1 2015 accelerating from the 30% average growth in 2014 and 27% in H1 2014, increasing general insurance contribution in total insurance by 14 basis points to 46.81%. Health insurance retreated 51 basis points to 50.83%. The saving and protection segment seized 2.36% of gross written premiums during the period.

In terms of net written premiums, the figure rose 29.5% over the same period last year to reach SAR 15.9 billion by the end of the first half of 2015; this increase was due to the growth of the written insurance premiums in the health insurance by 29% over the comparable period and vehicle insurance increase of 36% over H1 2014 which contributed to the rise in net written premiums of general insurance by 33% growth over the comparable period of last year, while slipping 14% in the case of protection and savings insurance.

The retention rate of the insurance sector increased by 338 basis points in the first half of this year to 82.17% versus 78.29% in H1 2014. This is due to the increase in the retention rate of health insurance by 329 basis points to 96.45% compared with 93.61% in H1 2014. General insurance retention rate climbed 480 basis points to 67.77% versus 62.97% in H1 2014. The retention rate reached 93.12% for vehicles insurance, 36.86% for marine insurance, 37.58% in the case of accidents and responsibilities, 23.41% for engineering insurance as well as 14.42% for property insurance.

The growth in net earned premiums slowed from its 2014 level of 26% reaching 25% reaching SAR 12.8 billion compared to SAR 10.2 billion in H1 2014. Growth of net earned premiums for health insurance increased 25% to SAR 7.8 billion. General insurance surged 29% to SAR 4.8 billion while saving and protection segment decreased 16% posting SAR 237 million. On the other hand, total claims paid climbed 18% to SAR 10.9 billion while net claims incurred surged 24% to SAR 10.5 billion compared to SAR 8.5 billion in H1 2014 driven by the growth of health insurance and vehicle insurance claims by 25% each.

Segment	GWP			NWP			NEP			NCI			Retention Ratio		Loss Ratio		Market Share	
	SAR mm		G	SAR mm		G	SAR mm		G	SAR mm		G	H1 2014	H1 2015	H1 2014	H1 2015	H1 2014	H1 2015
	H1 2014	H1 2015		H1 2014	H1 2015		H1 2014	H1 2015		H1 2014	H1 2015		H1 2014	H1 2015	H1 2014	H1 2015		
Health	7,884	9,823	%25	7,340	9,474	%29	6,205	7,774	%25	5,148	6,426	%25	%93	%96	%83	%83	%50	%51
Vehicle	4,072	5,624	%38	3,848	5,237	%36	3,144	4,108	%31	2,918	3,661	%25	%95	%93	%93	%89	%26	%29
Marine	232	217	(%6)	82	80	(%3)	69	73	%6	36	29	(%22)	%36	%37	%52	%39	%1	%1
Engineering	362	349	(%4)	85	82	(%4)	64	56	(%13)	56	27	(%52)	%24	%23	%86	%47	%2	%2
Property	1,374	1,471	%7	249	212	(%15)	185	163	(%12)	129	83	(%36)	%18	%14	%70	%51	%9	%8
Liabilities & Others	1,270	1,387	%9	338	521	%54	236	361	%53	78	108	%38	%27	%38	%33	%30	%8	%7
General Insurance	7,309	9,048	%24	4,603	6,132	%33	3,698	4,762	%29	3,218	3,908	%21	%63	%68	%87	%82	%47	%47
Protection & Saving	467	456	(%2)	317	274	(%14)	282	237	(%16)	112	140	%25	-	-	%40	%59	%3	%2
Total	15,660	19,327	%23	12,260	15,880	%30	10,185	12,773	%25	8,477	10,474	%24	%78	%82	%83	%82	%100	%100

GPW: Gross Written Premium
 NPW: Net Written Premium
 NPE: Net Earned Premium
 NCI: Net Claims Incurred

Financial Assessment

Gross written premiums grew of 23.4% over the same period of the previous year. The sector retention ratio advanced to 82.17% up from 79.29% in H1 2014 driven by the higher retention ratios for health insurance and general insurance. The ratio rose by 329 basis points to 96.45 % in the case of health insurance, while the general insurance ratio edged up 480 basis points to 67.77%.

The claims ratio at the end of the half fell to 81.84% compared to 83.23% in H1 2014 slipping 139 basis points with the decrease in the ratio stemming from the growth in net premium earned faster than the pace of net claims incurred. On the other side, the expenses ratio slumped from 21.68% in H1 2014 to 20.88% by the end of H1 2015.

This decrease in the two ratios led to an improvement in the combined ratio * to 99.94% by the end of June 2015, compared to 101.34% by the end of H1 2014, which means that the sector has returned to record profitability from insurance operations. This is due to the decrease in loss ratio in H1 2015 by 139 basis points reaching 81.84%.

Consolidated profit of the insurers reached SAR 275 million by the end of the first half compared to SAR 150 million in H1 2014. It is worth mentioning that only 23 companies in the insurance sector made profits in the first half 2015.

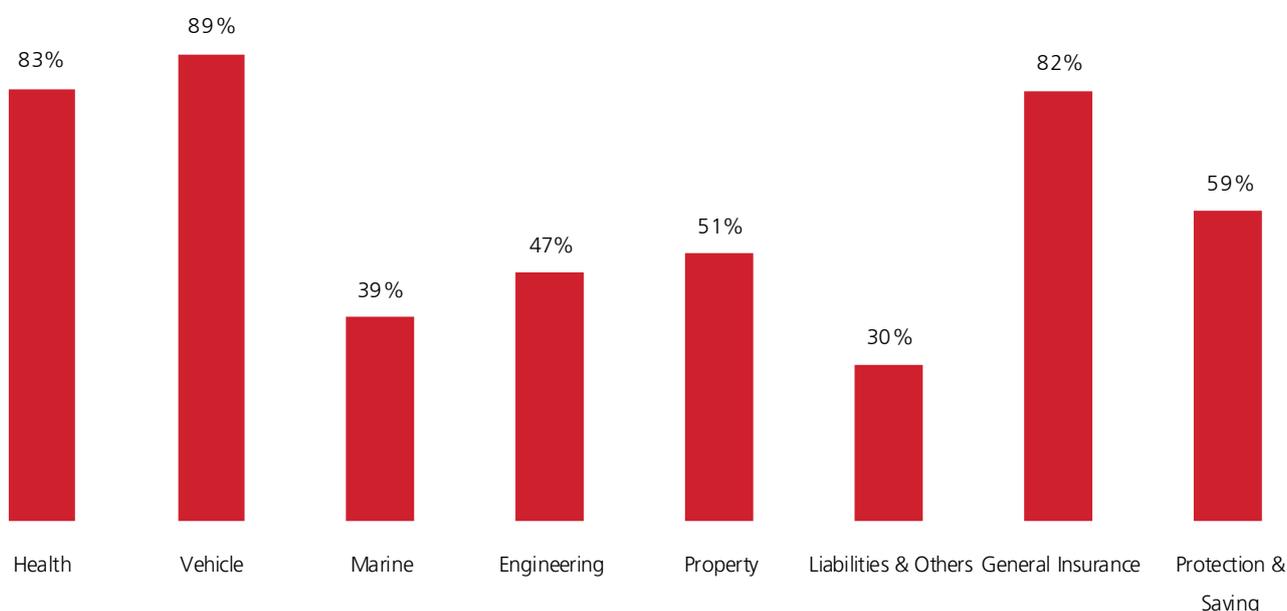
At the level of the assets of insurance operations, investments and cash at banks grew at a rate of 20% and 60%, respectively, to reach SAR 9 billion and SAR 6.5 billion. The two items represented together 40% of total assets of insurance operations up from 36% in H1 2014. Receivables increased 2.5% by the end of H1 2015 to reach SAR 8.5 billion representing 22% of total assets increasing from 26% in H1 2014. The total assets of insurance operations grew 19% YoY.

For the assets of shareholders, investments escalated 9% to SAR 8.5 billion while cash at banks surged 35% to SAR 2.9 billion. Total investments and cash at banks represented 82% of shareholders' assets down from 85% in H1 2014. In addition, shareholders' assets grew 19% over the same period last year. The growth in the assets of the sector accelerated to 19.1% at the end of H1 2015 versus 12.4% in 2014.

Total liabilities rose 19% to SAR 38.4 billion by the end of H1 2015 with insurance liabilities accounting for 73% of total liabilities versus 27% for shareholders' liabilities and equity.

Technical reserves mounted 21% coming in at SAR 32.2 billion representing 84% of the total insurance liabilities, which amounted to SAR 38.4 billion. On the other hand, shareholders' equity grew by 19.5% posting SAR 13.8 billion by the end of H1 2015.

Claims Ratio per Segment - H1 2015



Market Structure

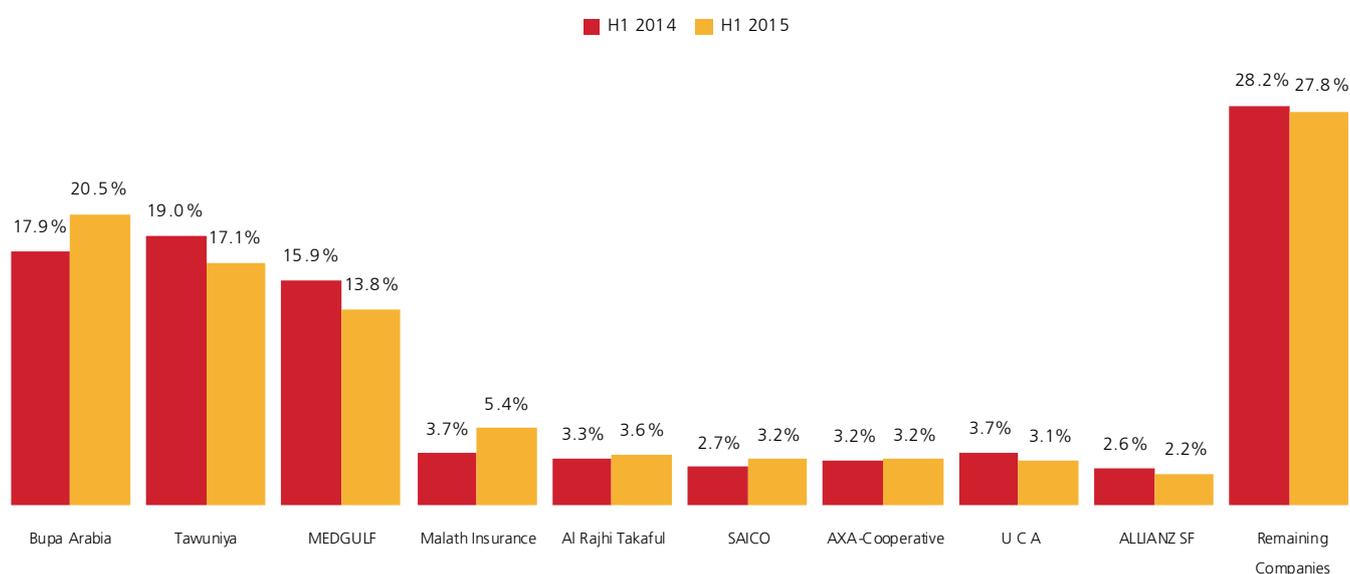
The insurance sector is still remarkably concentrated as three companies seized 51% of the market size. Bupa, Tawuniyah and Medgulf constituting 20%, 17% and 14% of total insurance market in H1 2015, respectively. Bupa's share increased 268 basis points while Tawuniyah and Medgulf shares decreased 186 and 207 basis points, respectively

Ten companies have their market shares 2% to 5% representing a total of 29%. On the other side, 20 companies held a combined 20% of the market share.

Regarding the activities of insurance companies, 28 companies are licensed to offer health insurance services while 29 companies operate in the segment of general insurance and only 10 companies are active in saving and protection insurance.

Total Market Share	H1 2014	H1 2015
Bupa Arabia	17.87%	20.55%
Tawuniya	18.98%	17.12%
MEDGULF	15.85%	13.79%
Malath Insurance	3.68%	5.38%
Al Rajhi Takaful	3.32%	3.59%
SAICO	2.70%	3.23%
AXA-Cooperative	3.18%	3.19%
U C A	3.71%	3.14%
ALLIANZ SF	2.57%	2.22%
Trade Union	2.63%	2.13%
Walaa Insurance	2.28%	2.05%
Sagr Insurance	0.81%	2.03%
Arabian Shield	1.80%	2.01%
Saudi Re	2.49%	1.79%
ACIG	0.84%	1.71%
Wataniya	1.57%	1.68%
AICC	1.76%	1.49%
WAFSA Insurance	0.77%	1.39%
Gulf General	1.61%	1.27%
Amana Insurance	1.61%	1.18%
SALAMA	1.16%	1.17%
Buruj	1.34%	1.11%
Al Alamiya	0.95%	1.06%
ACE	0.95%	0.85%
Gulf Union	1.46%	0.78%
Al-Ahlia	0.92%	0.75%
ATC	0.82%	0.73%
Alinma Tokio M	0.36%	0.63%
SABB Takaful	0.65%	0.55%
ANB Insurance	0.01%	0.27%
Enaya	0.16%	0.19%
Jazira Takaful	0.03%	0.10%
SANAD	0.70%	0.00%

Market Share of Insurance Companies



Market Structure

Health Insurance

In the health insurance sector, written premiums totaled SAR 9.8 billion shifting up 25%, while net written premiums surged 29% to SAR 9.5 billion. Similarly, net earned premiums amounted to SAR 7.7 billion skyrocketing 25% over the same period of the previous year.

As the growth in net written premium surpassed the growth of gross written premiums, the retention ratio advanced to 96.45% compared to 93.16% at the end of the first half 2014. Furthermore, net incurred claims grew by 25% to SAR 6.4 billion, thus pushing the losses ratio in this activity to 82.96% compared to 82.65% for the first half of last year.

Three companies seized 80% of the market, while seven companies received 14%, and 16 companies shared the remaining 6% of the market for less than 1% for each company.

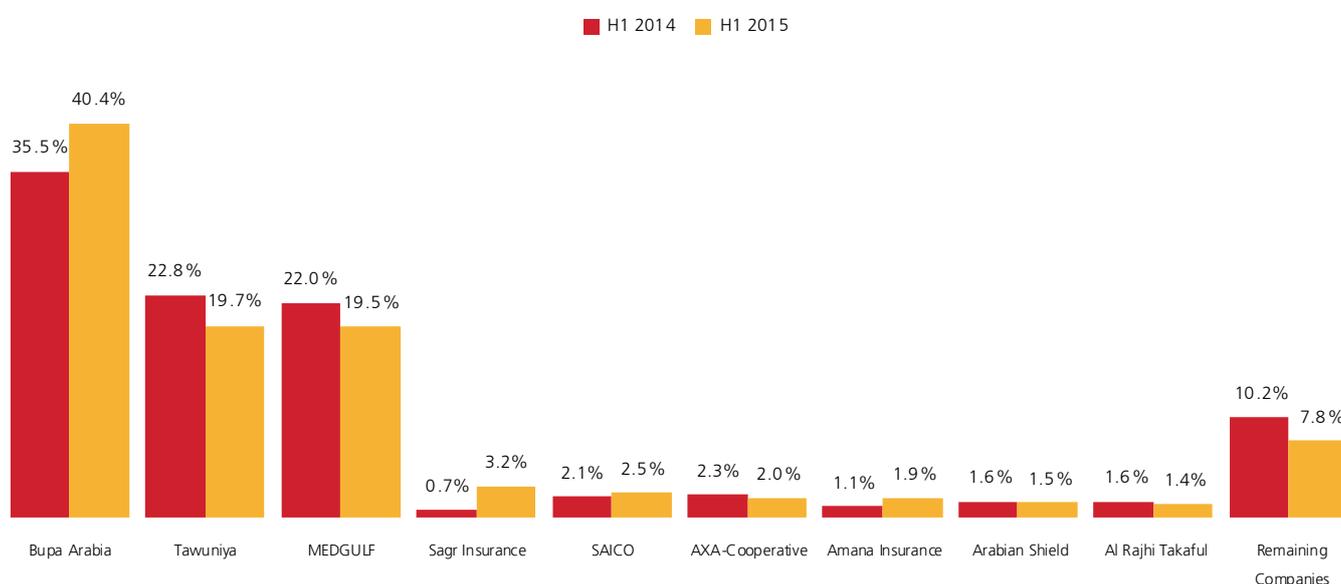
The biggest change has occurred in the market share of Bupa which increased 491 basis points, while Tawuniya and Bupa market share dwindled 313 and 244 basis points, respectively.

Health Insurance (SAR million)	H1 2014	H1 2015	Growth
Gross Premium Written	7,884	9,823	%25
Net Premium Written	7,340	9,474	%29
Net Premium Earned	6,205	7,774	%25
Net Claims Incurred	5,148	6,426	%25
Retention Ratio	%93.10	%96.45	
Claims Ratio	%82.96	%82.65	

Health Insurance

Market Share	H1 2014	H1 2015
Bupa Arabia	35.51%	40.42%
Tawuniya	22.83%	19.70%
MEDGULF	21.98%	19.53%
Sagr Insurance	0.71%	3.18%
SAICO	2.12%	2.51%
AXA-Cooperative	2.28%	1.98%
Amana Insurance	1.10%	1.94%
Arabian Shield	1.63%	1.50%
Al Rajhi Takaful	1.62%	1.40%
ACIG	0.93%	1.18%
WAFA Insurance	0.78%	0.86%
AICC	0.25%	0.78%
Malath Insurance	0.49%	0.67%
Solidarity	0.13%	0.64%
Gulf General	0.69%	0.63%
ALLIANZ SF	0.52%	0.55%
U C A	1.27%	0.49%
Enaya	0.26%	0.37%
Al-Ahlia	0.81%	0.32%
Walaa Insurance	0.32%	0.31%
Buruj	0.78%	0.26%
Trade Union	1.25%	0.23%
SALAMA	0.28%	0.21%
Gulf Union	1.12%	0.18%
ANB Insurance	0.00%	0.11%
Al Alamiya	0.04%	0.04%

Health Insurance Market Share



Market Structure

General Insurance

By the end of H1 2015, the growth of gross written premiums for general insurance amounted to 24% posting SAR 9.1 billion. Meanwhile, net written premiums edged up 33% coming in at SAR 6.1 billion, while net earned premiums hit SAR 4.8 billion surging 29% over H1 2014.

The higher percentage growth in net written premiums versus the gross figure pushed the retention ratio to 67.77% compared to 62.97% at the end of H1 2014. Net incurred claims soared 21% to SAR 3.9 billion thus trimming the claims ratio to 82.06% compared to 87% in the first half 2014.

In this type of insurance, five companies captured 47% of the market, 15 other players shared 45%, and 9 insurers collectively accounted for the remaining 8% of the market for less than 1% for each company shares.

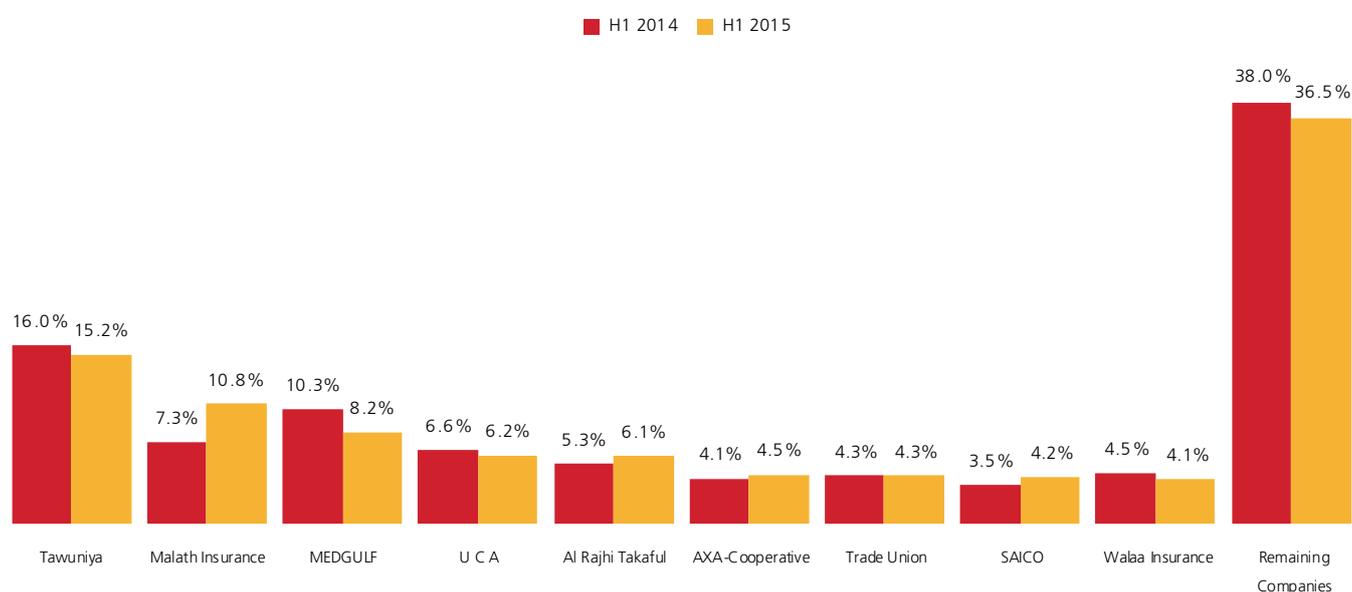
Malath Insurance increased its market share by 342 basis points while Medgulf's share slumped 203 basis points.

General Insurance (SAR million)	H1 2014	H1 2015	Growth
Gross Premium Written	7,309	9,048	%24
Net Premium Written	4,603	6,132	%33
Net Premium Earned	3,698	4,762	%29
Net Claims Incurred	3,218	3,908	%21
Retention Ratio	%62.97	%67.77	
Claims Ratio	%87.00	%82.06	

General Insurance

Market Share	H1 2014	H1 2015
Tawuniya	16.05%	15.17%
Malath Insurance	7.35%	10.77%
MEDGULF	10.27%	8.24%
U C A	6.58%	6.18%
Al Rajhi Takaful	5.34%	6.12%
AXA-Cooperative	4.10%	4.46%
Trade Union	4.29%	4.29%
SAICO	3.49%	4.17%
Wala Insurance	4.53%	4.05%
Saudi Re	4.30%	3.50%
Wataniya	3.05%	3.39%
ALLIANZ SF	3.53%	3.06%
Arabian Shield	2.10%	2.66%
ACIG	0.80%	2.38%
AICC	3.49%	2.34%
SALAMA	2.19%	2.28%
Al Alamiya	2.00%	2.23%
Buruj	2.04%	2.08%
Wafa Insurance	0.81%	2.03%
Gulf General	2.71%	2.02%
ACE	2.00%	1.81%
Gulf Union	1.92%	1.46%
Al-Ahlia	1.09%	1.26%
Alinma Tokio M	0.66%	1.24%
Solidarity	0.89%	1.16%
Sagr Insurance	0.98%	0.88%
Amana Insurance	2.26%	0.43%
ANB Insurance	0.01%	0.34%
SANAD	1.18%	0.01%

General Insurance Market Share



Market Structure

Protection and Savings Insurance

Gross written premiums for the protection and savings insurance slumped 2% in H1 2015 culminating at SAR 456 million, while net written premiums slipped 14% to SAR 274 million. Simultaneously, net earned premiums amounted to SAR 237 million, tumbling 16% versus the same period the previous year.

Net claims incurred soared 25% to SAR 140 million, thus it has led to an increase in the loss ratio to 59.15% compared to 39.72% in the first half 2014.

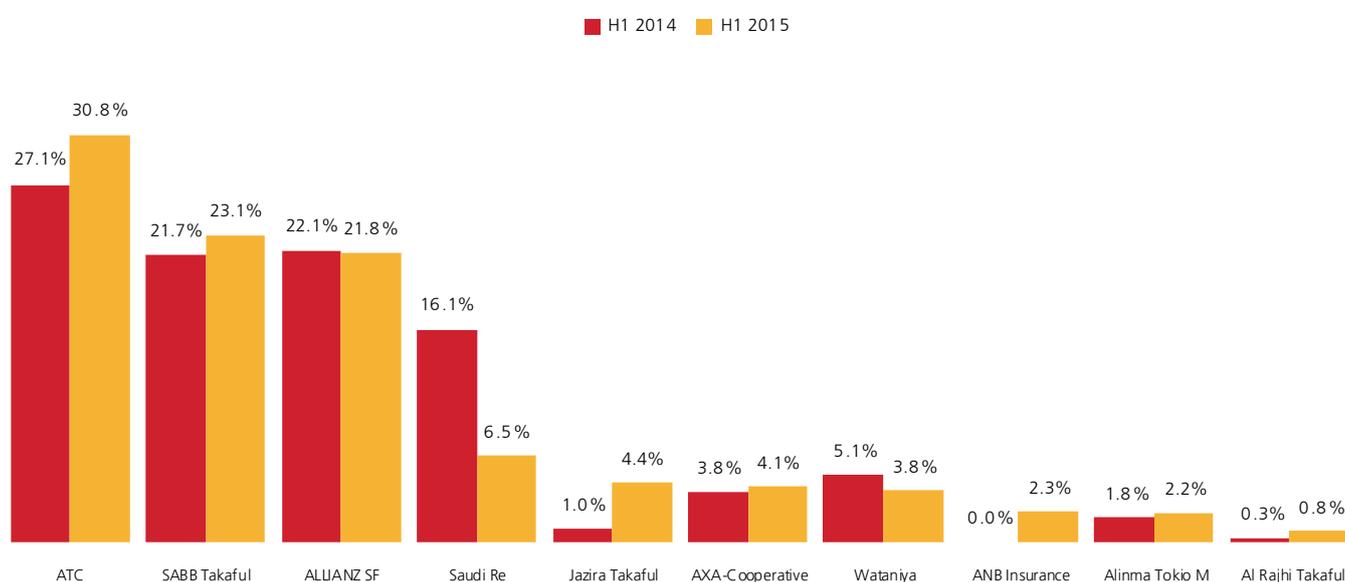
The segment is consisted of 9 insurers; three of them held a 76% market share, versus 24% for the six other companies. The biggest change has occurred in the market share of Ahli Takaful which increased 374 basis points reaching 30.81%.

Protection & Savings Insurance Market

Share	H1 2014	H1 2015
ATC	27.07%	30.81%
SABB Takaful	21.69%	23.15%
ALLIANZ SF	22.08%	21.83%
Saudi Re	16.12%	6.49%
Jazira Takaful	1.04%	4.45%
AXA-Cooperative	3.79%	4.14%
Wataniya	5.07%	3.85%
ANB Insurance	0.00%	2.29%
Alinma Tokio M	1.82%	2.21%
Al Rajhi Takaful	0.31%	0.78%

Protection & Savings Insurance	H1 2014	H1 2015	Growth
Gross Premium Written	467	456	(%2)
Net Premium Written	317	274	(%14)
Net Premium Earned	282	237	(%16)
Net Claims Incurred	112	140	%25
Claims Ratio	%39.72	%59.15	

Protection & Savings Insurance Market Share



Concentration of Insurance Segments per Company

The following table reflects the concentration of insurance segment for every company in the sector at the end of Q2 2015 and gives signals regarding the sensitivity of each company for the change in the distribution of its insurance portfolio.

Health insurance represented 100% in the cases of Bupa Arabia and Enaya, more than 80% for Amana and Sagr Insurance. In the vehicle sector, Malath and Salama held the highest concentration with 86% and 85%, respectively. In protection and saving insurance, 100% of the operations of Jazira Takaful, SABB and Ahli Takaful focused on this type of insurance.

Company	Health Insurance	Vehicle Insurance	Marine Insurance	Engineering Insurance	Property Insurance	Liabilities & Accidents	Protection & Savings	Total
Health Insurance								
Bupa Arabia	100%							100%
Enaya	100%							100%
Amana Insurance	83%	14%	0%	1%	1%	0%		100%
Sagr Insurance	80%	10%			4%	7%		100%
MEDGULF	72%	17%				11%		100%
Tawuniya	59%	18%			21%	3%		100%
Vehicle Insurance								
Malath Insurance	6%	86%		1%	4%	3%		100%
SALAMA	9%	85%				6%		100%
Trade Union	5%	70%				24%		100%
Buruj	12%	70%	4%		8%	6%		100%
Al Rajhi Takaful	20%	69%				10%	1%	100%
Al-Ahlia	22%	64%		5%		9%		100%
Walaa Insurance	8%	63%		14%	8%	8%		100%
U C A	8%	61%				31%		100%
Wafa Insurance	32%	59%				9%		100%
ACIG	35%	58%				7%		100%
Al Alamiya	2%	50%	8%	7%	23%	10%		100%
Protection & Savings								
Jazira Takaful							100%	100%
SABB Takaful							100%	100%
ATC							100%	100%
Multi-Line								
ANB Insurance	20%		1%	46%	6%	6%	20%	100%
ALLIANZ SF	12%	23%		10%	22%	10%	23%	100%
Arabian Shield	38%	41%			13%	8%		100%
SANAD		40%	7%	60%				100%
SAICO	39%	27%	3%	4%	21%	5%		100%
Gulf Union	12%	38%	17%	2%	5%	25%		100%
AICC	27%	44%	6%	8%	7%	8%		100%
Saudi Re		6%	11%	14%	28%	33%	9%	100%
ACE		31%		8%	39%	21%		100%
AXA-Cooperative	32%	49%	5%	4%	5%	3%	3%	100%
Gulf General	25%	39%	10%	6%	14%	6%		100%
Solidarity	38%	45%		3%	2%	12%		100%
Wataniya		43%	7%	10%	21%	14%	5%	100%
Alinma Tokio M		47%	11%	4%	23%	7%	8%	100%

Financial Indicators

Company	Issued Shares (MN)	Free Floating Shares (MN)	Net Income LTM Ending June 2015 (MN)	Net Income H1 2015 (MN)	Shareholders Equity (MN)	Market Cap.	12M EPS	PE	P/BV	Equity to Capital Paid
Tawuniya	100	53	637	292	2,165	9,005	6.37	14.13	4.15	2.16
ANB Insurance	18	5	(31)	(16)	105	815	1.78-	N/A	7.79	0.60
Jazira Takaful	35	11	11	8	363	1,304	0.32	115.89	3.59	1.04
Malath Insurance	30	30	(5)	(13)	267	660	0.16-	N/A	2.47	0.89
MEDGULF	100	37	(97)	(187)	1,002	2,617	0.97-	N/A	2.61	1.00
ALLIANZ SF	20	7	30	11	193	752	1.51	24.97	3.89	0.97
SALAMA	25	18	1	4	31	323	0.06	219.90	10.45	0.12
Walaa Insurance	40	38	(17)	(49)	356	514	0.42-	N/A	1.44	0.89
Arabian Shield	20	11	18	7	250	503	0.91	27.53	2.00	1.25
SABB Takaful	34	12	17	7	362	1,267	0.49	75.97	3.49	1.07
SANAD	20	14	-	8	-	305	-	-	-	-
SAICO	25	17	24	12	228	451	0.94	19.11	1.97	0.91
Wafa	21	17	8	5	135	299	0.39	37.81	2.21	0.66
Gulf Union	22	15	(2)	(1)	114	305	0.10-	N/A	2.67	0.52
ATC	17	7	41	23	185	795	2.46	19.41	4.28	1.11
Al-Ahlia	32	30	(68)	(15)	162	335	2.14-	N/A	2.06	0.51
ACIG	20	12	11	7	118	353	0.54	32.58	2.99	0.59
AICC	40	26	15	3	259	394	0.38	25.96	1.51	0.65
Trade Union	28	18	18	25	266	556	0.65	31.00	2.09	0.97
Sagr Insurance	25	18	18	6	327	521	0.73	28.35	1.59	1.31
U C A	49	32	(16)	24	380	610	0.32-	N/A	1.60	0.78
Saudi Re	100	90	8	13	823	831	0.08	105.86	1.00	0.82
Bupa Arabia	40	28	434	150	1,192	9,622	10.86	22.16	8.07	2.98
Al Rajhi Takaful	40	18	23	20	322	960	0.56	42.57	2.97	0.81
ACE	10	6	21	7	192	581	2.13	27.33	3.03	1.92
AXA-Cooperative	45	20	20	15	466	793	0.44	40.17	1.70	1.04
Gulf General	20	13	9	(7)	201	408	0.44	46.71	2.02	1.00
Buruj	25	14	33	17	224	500	1.30	15.36	2.23	0.89
Al Alamiya	40	12	10	12	283	2,104	0.25	213.21	7.43	0.71
Solidarity	56	40	(81)	(56)	219	523	1.46-	N/A	2.39	0.39
Wataniya	10	3	13	0	67	676	1.28	52.77	10.04	0.67
Amana Insurance	32	25	(71)	(24)	103	313	2.21-	N/A	3.03	0.32
Enaya	40	16	(45)	(21)	230	732	1.12-	N/A	3.18	0.57
Alinma Tokio M	45	14	(27)	(14)	325	812	0.59-	N/A	2.49	0.72
Total	1,242	741	961	275	11,914	41,924	0.77	23.25	3.52	0.96

Outstanding shares of insurance sector reached 1.2 billion shares making 2.5% of total outstanding shares in the Saudi Market.

Market Cap. * reached SR 41.9 billion making 2.5% of total market cap. of Saudi Market.

The sector's aggregate 12M net Income ending Q2 2015 amounted to SR 961 million with 12M EPS of SR 0.77.

By the end of June 2015, the equity-to-capital ratio went above 1.00x for 11 companies where the equity-to-capital ratio reached 0.96x for the total sector.

10 Saudi Banks are main shareholders of 10 insurance companies.

Company	Associate Bank	Ownership
ANB Insurance	Arab National Bank	29.90%
Alinma Tokio M	Alinma Bank	28.75%
Jazira Takaful	Aljazira Bank	35.00%
Wataniya	Saudi Hollandi Bank	20.00%
MEDGULF	Saudi Investment Bank	19.00%
ALLIANZ SF	Banque Saudi Fransi	32.50%
SABB Takaful	Saudi British Bank	32.50%
ATC	National Commercial Bank	30.00%
Al Rajhi Takaful	Al Rajhi Bank	22.50%
Al Alamiya	Riyad Bank	30.00%

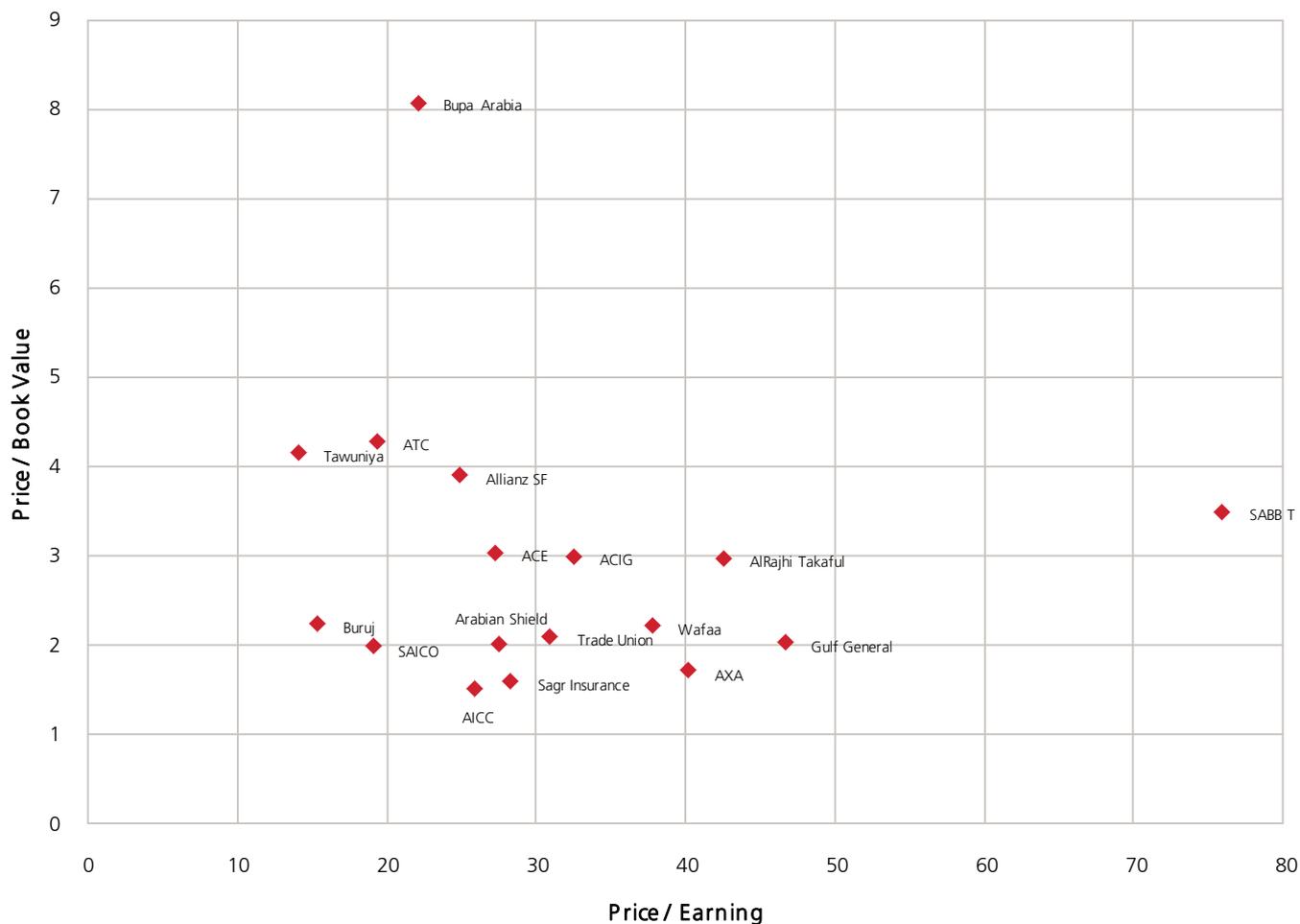
LTM: Last Twelve Months Ending Q2 2015

Market Cap., PE and P/BV as of September 16, 2015

Valuation

Twenty three companies in the sector generated profits in the four quarters ending June 2015.

The following figure reflects the valuation levels of these companies based on P/E and P/B* based on last 12 months ending Q2 2015 figures:



*As of closing prices of September 16, 2015.

Insurance Premiums Breakdown

SAR MN Company	GWP			NWP			NEP			Net Claims Incurred			Retention Ratio		Claims Ratio	
	H1 2014	H1 2015	G	H1 2014	H1 2015	G	H1 2014	H1 2015	G	H1 2014	H1 2015	G	H1 2014	H1 2015	H1 2014	H1 2015
Tawuniya	2,972	3,308	%11	2,387	2,684	%12	2,314	2,636	%14	1,962	2,069	%5	%80.3	%81.1	%84.8	%78.5
ANB Insurance	1	52		0	15		0	5		0	5		%16.3	%29.2	%0.0	%107.9
Jazira Takaful	5	20	%312	2	7	%248	2	10	%470	0	1		%38.2	%32.3	%0.1	%10.7
Malath Insurance	576	1,040	%81	505	968	%92	413	846	%105	362	709	%96	%87.8	%93.1	%87.7	%83.8
MEDGULF	2,482	2,664	%7	1,834	2,273	%24	1,627	1,711	%5	1,381	1,690	%22	%73.9	%85.3	%84.9	%98.8
ALLIANZ SF	403	430	%7	245	243	(%1)	213	176	(%17)	166	130	(%22)	%60.8	%56.5	%77.7	%73.7
SALAMA	182	227	%25	169	214	%27	115	163	%42	92	134	%46	%92.6	%94.2	%79.8	%81.9
Walaa Insurance	357	397	%11	185	304	%64	108	184	%71	94	178	%89	%51.9	%76.7	%87.5	%96.7
Arabian Shield	281	389	%38	187	237	%26	126	161	%28	100	127	%27	%66.6	%61.0	%79.0	%78.6
SABB Takaful	102	106	%3	86	87	%1	115	68	(%41)	7	4	(%48)	%84.2	%82.2	%6.5	%5.7
SANAD	109	1	(%99)	65	1-	(%102)	79	14	(%82)	60	6	(%89)	%59.2	(%228.0)	%75.7	%44.9
SAICO	422	623	%48	259	401	%54	206	327	%59	163	258	%58	%61.5	%64.2	%79.3	%79.0
Wafa	121	269	%123	79	211	%168	70	97	%39	40	67	%65	%65.3	%78.6	%58.1	%69.3
Gulf Union	228	150	(%34)	125	65	(%48)	111	57	(%49)	98	41	(%58)	%54.8	%43.4	%88.0	%72.4
ATC	128	140	%10	45	43	(%4)	36	37	%5	8	6	(%16)	%34.9	%30.3	%21.1	%17.0
Al-Ahliya	144	145	%1	130	133	%2	121	100	(%17)	81	66	(%19)	%90.7	%91.6	%66.9	%65.5
ACIG	132	331	%150	92	281	%205	111	159	%44	80	122	%53	%69.7	%84.9	%72.0	%76.6
AICC	275	288	%5	198	174	(%12)	204	232	%13	184	186	%1	%72.0	%60.3	%90.0	%80.1
Trade Union	412	411	(%0)	262	296	%13	331	244	(%26)	288	180	(%38)	%63.5	%71.9	%87.0	%73.6
Sagr Insurance	127	393	%208	81	347	%328	84	141	%68	62	103	%67	%63.6	%88.4	%73.4	%72.8
U C A	580	608	%5	413	447	%8	371	347	(%6)	346	270	(%22)	%71.2	%73.5	%93.4	%78.0
Saudi Re	390	347	(%11)	369	316	(%14)	233	181	(%22)	205	128	(%37)	%94.5	%91.3	%87.8	%70.8
Bupa Arabia	2,798	3,971	%42	2,795	3,959	%42	1,877	3,162	%68	1,587	2,617	%65	%99.9	%99.7	%84.6	%82.8
Al Rajhi Takaful	519	695	%34	457	639	%40	318	471	%48	250	372	%49	%88.0	%92.0	%78.5	%79.0
ACE	148	164	%10	68	81	%19	46	56	%21	28	13	(%55)	%45.9	%49.5	%60.3	%22.5
AXA-Cooperative	498	617	%24	442	562	%27	369	496	%34	310	411	%33	%88.8	%91.1	%84.0	%82.9
Gulf General	252	245	(%3)	132	120	(%9)	95	84	(%12)	69	57	(%18)	%52.4	%49.2	%72.3	%67.6
Buruj	211	214	%1	179	177	(%1)	114	164	%43	81	116	%44	%85.1	%82.8	%70.6	%71.0
Al Alamiya	149	206	%38	81	129	%60	80	105	%32	81	58	(%28)	%54.3	%62.8	%101.6	%55.2
Solidarity	75	168	%124	55	123	%123	89	84	(%6)	111	103	(%7)	%73.6	%73.1	%124.5	%122.5
Wataniya	247	324	%31	82	131	%61	105	96	(%9)	90	73	(%19)	%33.2	%40.6	%85.9	%76.5
Amana Insurance	252	229	(%9)	204	161	(%21)	67	131	%95	69	133	%94	%81.1	%70.4	%102.0	%101.9
Enaya	25	36	%43	24	21	(%12)	19	8	(%59)	18	7	(%62)	%96.1	%59.2	%92.0	%85.6
Alinma Tokio M	57	122	%116	21	33	%55	16	19	%16	7	14	%108	%37.1	%26.7	%42.2	%75.2
Sector	15,660	19,327	%23	12,260	15,880	%30	10,185	12,773	%25	8,477	10,454	%23	%78.3	%82.2	%83.2	%81.8

GPW: Gross Written Premium

NPW: Net Written Premium

NPE: Net Earned Premium

Retention Ratio Breakdown - H1 2015

SAR MN

Company	Health Insurance	Vehicle Insurance	Marine Insurance	Engineering Insurance	Property Insurance	Liabilities & Accidents	Total
Tawuniya	%99	%100			%10	%100	%81
ANB Insurance	%85		%14	%0	%1	%34	%29
Jazira Takaful							%32
Malath Insurance	%100	%100		%11	%3	%27	%93
MEDGULF	%100	%69				%18	%85
ALLIANZ SF	%47	%98		%25	%17	%29	%56
SALAMA	%98	%98				%28	%94
Walaa Insurance	%100	%100		%7	%16	%56	%77
Arabian Shield	%100	%53			%1	%16	%61
SABB Takaful							%82
SANAD	%35						
SAICO	%88	%99	%5	%4	%3	%31	%64
Wafa	%59	%99				%13	%79
Gulf Union	%92	%58	%21	%6	%10	%23	%43
ATC							%30
Al-Ahliya	%97	%99		%10		%74	%92
ACIG	%75	%98				%22	%85
AICC	%55	%96	%15	%19	%2	%13	%60
Trade Union	%2-	%91				%33	%72
Sagr Insurance	%97	%95			%4	%21	%88
U C A	%99	%100				%15	%74
Saudi Re		%100	%98	%80	%82	%99	%91
Bupa Arabia	%100						%100
Al Rajhi Takaful	%100	%99				%29	%92
ACE		%98		%30	%8	%63	%50
AXA-Cooperative	%100	%99	%48	%51	%38	%92	%91
Gulf General	%39	%84	%25	%12	%4	%52	%49
Buruj	%97	%96	%30		%10	%26	%83
Al Alamiya	%39	%98	%42	%1	%19	%50	%63
Solidarity	%62	%97		%15	%15	%41	%73
Wataniya		%82	%16	%6	%6	%16	%41
Amana Insurance	%74	%60	%23	%21	%11	%41	%70
Enaya	%59						%59
Alinma Tokio M		%42	%8	%4	%0	%34	%27
Sector	%96	%93	%37	%23	%14	%38	%82

Proforma Income Statement and Balance Sheet for Insurance Companies*

Balance Sheet (SAR million)	2013	2014	Growth	H1 2014	H1 2015	Growth
Policyholders (PH) Assets:						
Investments	5,934	7,757	%31	7,507	8,981	%20
Cash at Banks	4,210	6,132	%46	4,039	6,476	%60
Receivables, Net	6,381	6,825	%7	8,296	8,507	%3
Other PH Assets	12,558	13,129	%5	12,543	14,483	%15
Total PH Assets	29,084	33,843	%16	32,386	38,447	%19
Shareholders (SH) Assets						
Investments	7,780	8,152	%5	7,779	8,509	%9
Cash at Banks	2,710	2,435	(%10)	2,145	2,904	%35
Other SH Assets	1,362	1,503	%10	1,698	2,414	%42
Total SH Assets	11,791	12,090	%3	11,621	13,828	%19
Total Assets	40,875	45,934	%12	44,007	52,274	%19
PH Liabilities						
Reinsurers Balances Payable	1,664	1,430	(%14)	2,206	2,119	(%4)
Technical Reserves	24,098	28,316	%18	26,596	32,179	%21
Other Liabilities	3,321	4,097	%23	3,584	4,149	%16
Total PH Liabilities	29,084	33,843	%16	32,386	38,447	%19
SH Liabilities						
SH Liabilities	2,533	2,046	(%19)	2,275	2,125	(%7)
Capital	9,762	10,182	%4	9,472	11,017	%16
SH Equity	9,257	10,044	%9	9,346	11,702	%25
Total SH Liabilities and Equity	11,791	12,090	%3	11,621	13,828	%19
Total Liabilities	40,875	45,934	%12	44,007	52,274	%19
Income Statement (SAR million)						
Statement of Insurance Operations & Surplus						
Gross Premium Written	24,671	30,289	%23	15,659	19,328	%23
Net Premium Written	18,661	24,064	%29	12,261	15,880	%30
Net Premium Earned	17,362	21,840	%26	10,186	12,774	%25
Reinsurance Commission	789	776	(%2)	391	403	%3
Other Underwriting Income	156	193	%23	65	71	%9
Investment Income and Other Income	224	133	(%40)	122	164	%34
Total Revenues	18,531	22,942	%24	10,764	13,422	%25
Gross Claim Paid	16,663	20,458	%23	9,267	10,913	%18
Net Claim Incurred	15,799	17,562	%11	8,477	10,474	%24
Policy Acquisition Costs	1,321	1,461	%11	732	847	%16
Excess of Loss Expenses	94	66	(%29)	33	65	%98
Other Expenses	2,768	3,153	%14	1,488	1,827	%23
Total Costs and Expenses	19,960	22,242	%11	10,730	13,244	%23
Net Surplus after SH Appropriation	30	126	%324	54	27	(%51)
Accumulated PH Surplus End of Period	99	190	%92	89	306	%243
Statement of SH Operations						
Investment and Management Fee Income	461	507	%10	340	302	(%11)
Other Income	36	55	%53	4	8	%118
SH Appropriation From Net Surplus	(1,479)	574	(%139)	(24)	171	(%813)
General and Administrative Expenses	279	319	%14	172	201	%17
Net Income (Loss) for the Period	(1,277)	817	(%164)	150	275	%83

* Does not include Weqaya

Definitions

Gross Premium written:

The total premiums on policies issued by an insurance company during a specific period of time regardless of what portions have been earned. Written premiums are the amount of premium charged for a policy that has already become effective.

Net Premium written:

It is equal to gross premium written minus the amount the company allocated for reinsurance, as well as premium losses surplus.

Net Premium Earned:

The amount of total premiums collected by an insurance company over a period that have been earned based on the ratio of the time passed on the policies to their effective life and adjusted to reinsurance. This pro-rated amount of paid-in-advance premiums have been "earned" and now belong to the insurer. It can be calculated as net premiums written minus changes in net premiums unearned.

Claims Incurred:

An estimate of the amount of outstanding liabilities for a policy over a given valuation period. It includes all paid claims during the period plus a reasonable estimate of unpaid liabilities. It is calculated by adding paid claims and unpaid claims minus the estimate of unpaid claims at the end of the prior valuation period.

Retention Ratio

Percentage of net premium written to gross premium written.

Claims Ratio:

Claims owed as a percentage of net premium earned.

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