

Saudi Insurance Sector Q1 2015

The report depicts the performance of insurance sector in Saudi Arabia during Q1 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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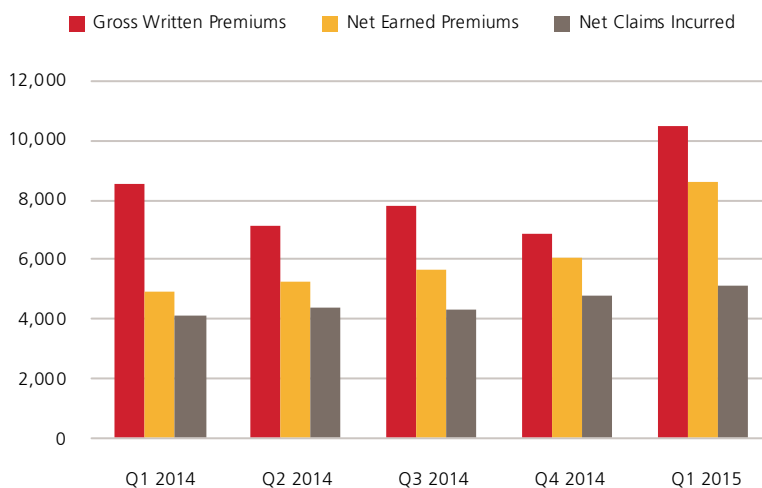
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Summary

- Gross written premiums reached SAR 10.5 billion in Q1 2015 revealing growth of 22.9% over the same period of the previous year driven by the growth in compulsory insurance.
- Health insurance represented 47% of the size of the insurance sector versus 51% 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.
- Health insurance and vehicle insurance seized 95% of total claims incurred.
- Twenty two companies achieved profits in Q1 2015 while 12 companies suffered losses.
- Four companies seized 56% of the market size, and eight companies have their market shares ranging from 2% to 5% representing a total of 24%.

Insurance Sector Quarterly Evolution (SAR million)



* The company has not released its financial statements of Q1 2015.

Sector Overview

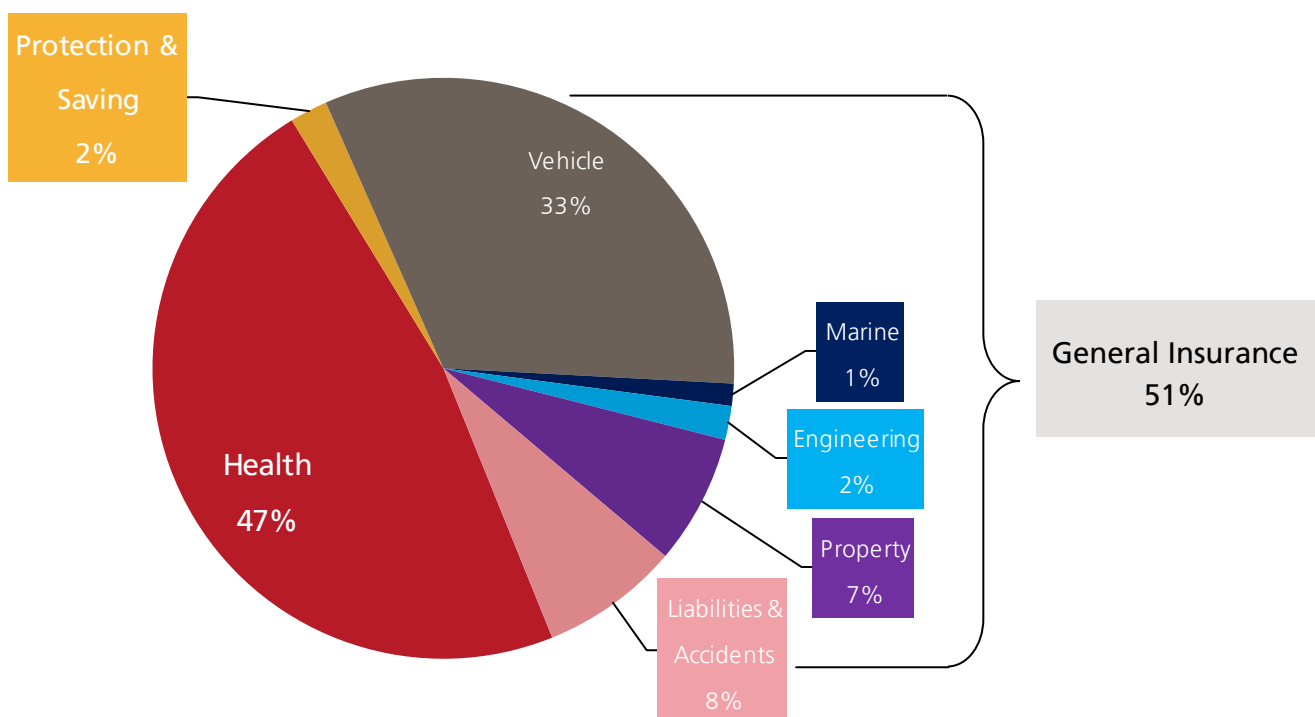
The Saudi insurance market is still one of the largest and fastest growing markets in the region growing 22.9% during the first quarter of this year compared to the same quarter of last year coming in at SAR 10.5 billion. The sector witnessed in 2014 an improvement in the claims and expenses ratios which 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 March 2015, the number of insurance and reinsurance companies licensed in the Saudi market reached 35 companies operating in at least one of the three main insurance activities which includes 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. 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. 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 quarter this year by about 21%. 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, as well as mandatory insurance for visitors to Saudi Arabia before the end of the year 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.
- Health insurance represented 47% of the size of the insurance sector versus 51% for general insurance and 2% for protection and savings insurance. The decrease in the share of insurance protection and savings in the total market compared to global markets is attributed to many factors including the fact that the market is still in its early stages, as well as a general lowering savings culture. In addition, religious considerations decrease the demand for traditional protection and saving schemes, which pushed many insurance companies to start issuing Sharia-compliant products.

Segment Market Share Breakdown - Q1 2015



Sector Overview

In Q1 2015, gross written premiums in Saudi Arabia rose by 22.9% from the same quarter of last year reaching SAR 10.5 billion shifting from SAR 8.5 billion in Q1 2014 driven by the acceleration of growth in general insurance where its gross premiums skyrocketed 27% coming in at SAR 5.3 billion compared to SAR 4.2 billion in Q1 2014, while health insurance premiums grew by 21% hitting SAR 4.9 billion versus SAR 4.1 billion in Q1 2014. As for protection and savings insurance, the figure slumped 11% to SAR 220 million compared to SAR 247 million in Q1 2014.

The growth of general insurance was motivated by the growth of vehicle insurance premiums by 40% to SAR 3.4 billion compared to SAR 2.4 billion in Q1 2014 accelerating from the 30% average growth in 2014 and increasing general insurance contribution in total insurance by 154 basis points to 50.5%. Vehicles insurance raised its contribution to total written premiums by 398 basis points posting 32.5% , while the share of health insurance retreated 74 basis points to 47.4%. The saving and protection segment contributed 2.1% of gross written premiums during the period.

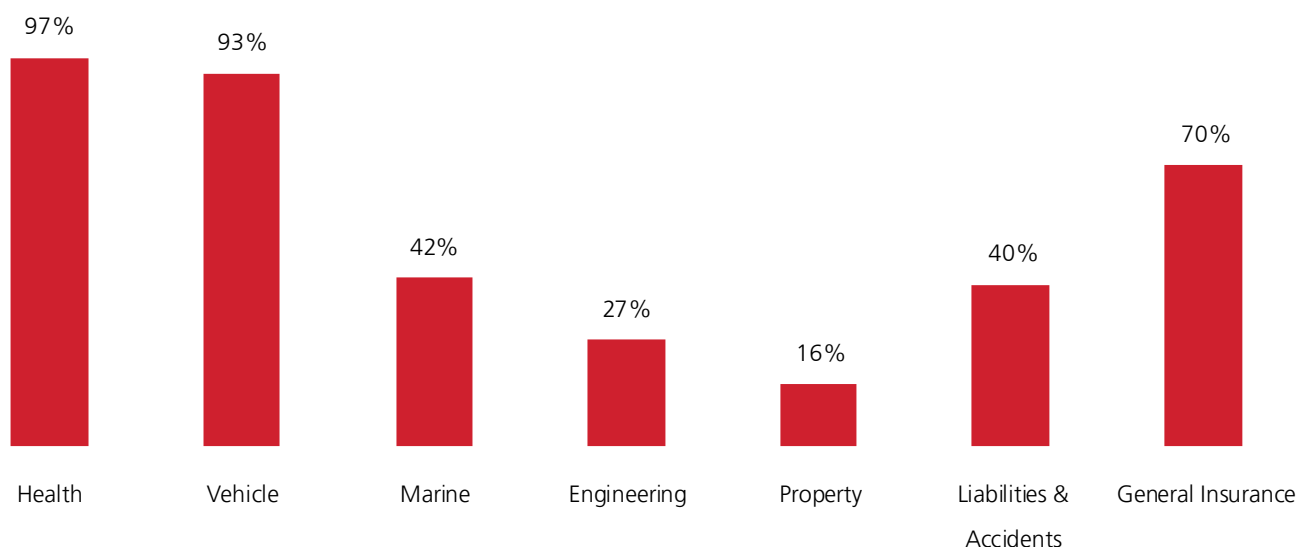
In terms of net written premiums, the figure rose 27% over the same period last year to reach SAR 8.6 billion by the end of the first quarter of 2015; this increase was due to the growth of the written insurance premiums in the insurance on vehicles by 37% over the comparable quarter which also contributed to the rise in general insurance premiums by 33%. Net written premiums for health insurance increased 25% over Q1 2014, while slipping 27% in the case of protection and savings insurance.

The retention rate of the insurance sector increased by 296 basis points in the first quarter of this year to 82.81% versus 79.85% in Q1 2014. This is due to the increase in the retention rate of health insurance by 304 basis points to 96.56% compared with 93.52% in Q1 2014. The retention rate reached 92.6% for vehicles insurance, 41.89% for marine insurance, 40.27% in the case of accidents and responsibilities, 26.58% for engineering insurance as well as 15.65% for property insurance.

The growth in net earned premiums slowed from its 2014 level of 26% reaching 24.3% reaching SAR 6 billion compared to SAR 4.9 billion in Q1 2014. The slowdown resulted from a decrease in the growth of net earned premiums for health insurance to 23.7% from 26% in 2014, while vehicle insurance growth accelerated to 32.4% from 28% in 2014. On the other hand, the amount of claims paid grew 42% hitting SAR 5.7 billion, compared to SAR 4 billion in Q1 2014. Claims incurred shifted up 23% to SAR 5 billion compared to SAR 4.1 billion in Q1 2014 driven by the growth of health insurance and vehicle insurance claims by 24% and 27%, respectively, raising their shares in total claims to 62% and 35%, respectively.

The loss rate in the first quarter saw a drop of 68 basis points versus the same quarter of last year to 83.63%, while increasing 321 basis points from level recorded at the end of 2014.

Retention Ratio per Segment - Q1 2015



Financial Assessment

Gross written premiums reached SAR 10.5 billion in Q1 2015 revealing growth of 22.9% over the same period of the previous year. The sector retention ratio advanced to 82.81% up from 79.85% in Q1 2014 driven by the higher retention ratios for health insurance and general insurance. The ratio rose by 304 basis points to 96.56 % in the case of health insurance, while the general insurance ratio edged up 350 basis points to 69.91%.

The claims ratio at the end of the quarter fell to 83.63% compared to 84.31% in Q1 2014 slipping 69 basis points with the decrease in the ratio stemming from the growth in written claims faster than the pace of net claims incurred. On the other side, the expenses ratio slumped from 22.48% in Q1 2014 to 20.93% by the end of Q1 2015.

This decrease in the two ratios led to an improvement in the combined ratio * to 100.99% by the end of March 2015, compared to 102.62% by the end of Q1 2014, which means that despite cutting losses, the sector has not returned to record profitability from insurance operations. This is due largely to the acceleration of growth in net incurred claims in Q1 2015 to 23% up from 11% in 2014. The claims of health insurance increased 24% up from 6% in 2014, while the claims of vehicles insurance surged 27% in Q1 2015 versus 21% in 2014. The total claims of the two segments reached SAR 3,142 million and SAR 1,769 million, thus collectively representing 96% of total claims during the period.

Consolidated profit of the insurers reached SAR 20 million by the end of the quarter compared to a loss of SAR 19 million in Q1 2014. It is worth mentioning that only 22 companies in the insurance sector made profits in the first quarter 2015.

At the level of the assets of insurance operations, investments and cash at banks grew at a rate of 8% and 53%, respectively, to reach SAR 8.6 billion and SAR 6.3 billion. The two items represented together 40% of total assets of insurance operations down from 41% in 2014. Receivables increased 9% by the end of the quarter to reach SAR 8.9 billion representing 24% of total assets increasing from 20% in 2014. The total assets of insurance operations grew 18% YoY.

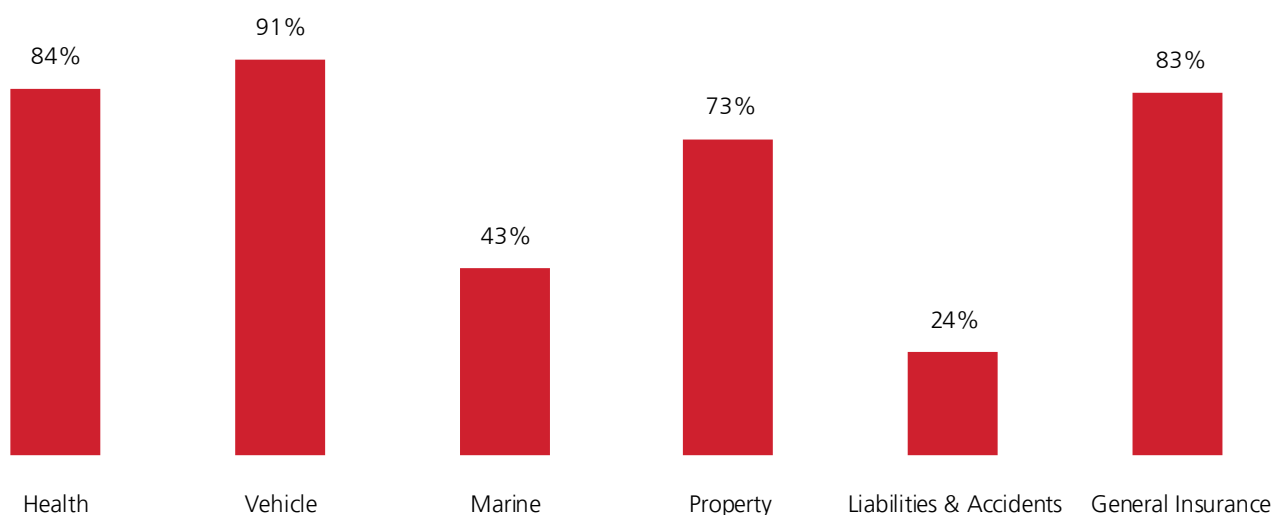
For the assets of shareholders, investments escalated 18% to SAR 8.4 billion while cash at banks surged 21% to SAR 2.9 billion. Total investments and cash at banks represented 89% of shareholders' assets up from 81.5% in Q1 2014. In addition, shareholders' assets grew 9.5% over the same period last year.

The growth in the assets of the sector accelerated to 15.6% at the end of the quarter versus 12.4% in 2014.

Total liabilities rose 18% to SAR 37.4 billion by the end of the quarter with insurance liabilities accounting for 75% of total liabilities versus 25% for shareholders' liabilities and equity.

Technical reserves mounted 20% coming in at SAR 31.1 billion representing 83% of the total insurance liabilities, which amounted to SAR 37.4 billion. On the other hand, shareholders' equity grew by 9.5% posting SAR 12.6 billion by the end of the quarter.

Claims Ratio per Segment - Q1 2015



Market Structure

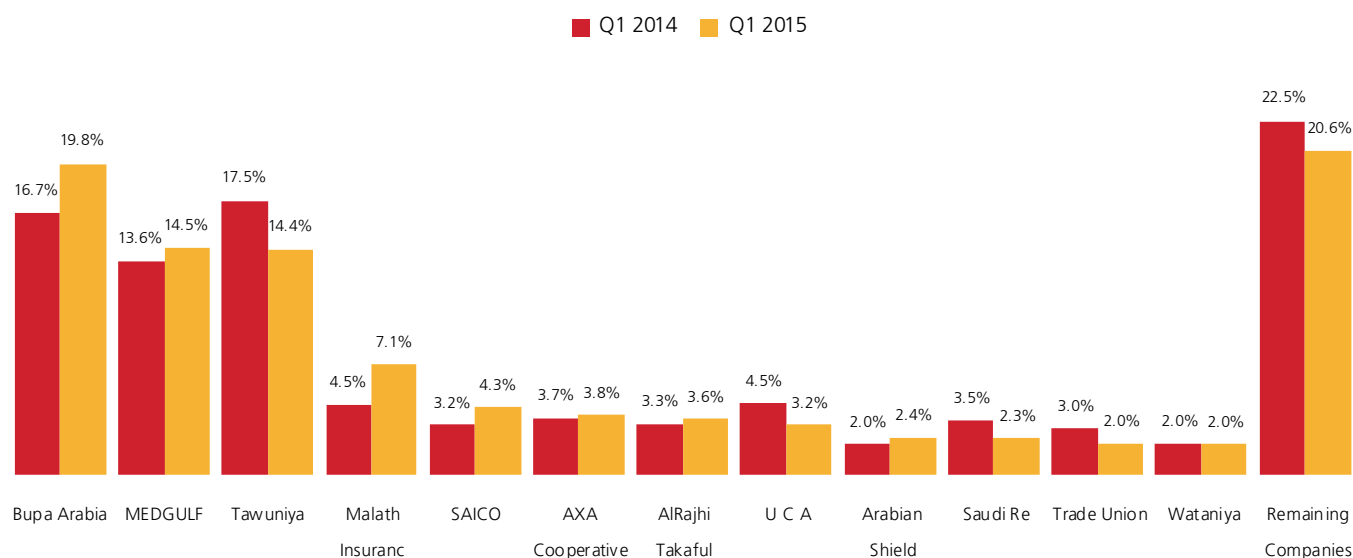
Despite the growth of written premiums by about 22.9% during the first quarter of this year, the rise came mainly from growth reported by Malath Insurance, Bupa, MEDGULF, SAICO and AXA, raising their market shares compared to the same period last year. The insurance sector is still remarkably concentrated as four companies seized 56% of the market size, and eight companies have their market shares 2% to 5% representing a total of 24%. On the other side, 21 companies held a combined 20.6% of the market share.

The biggest change in market shares occurred in the shares of Malath, Bupa, MEDGULF, SAICO and AXA which increased their percentages at varying degrees. On the other side, Tawuniya's market share slipped 314 basis points reaching 14.4%.

Regarding the activities of insurance companies, 28 companies are licensed to offer health insurance services while 30 companies operate in the segment of general insurance and only 9 companies are active in saving and protection insurance.

| Total Market Share | Q1 2014 | Q1 2015 |
|--------------------|---------|---------|
| Bupa Arabia | 16.7% | 19.8% |
| MEDGULF | 13.6% | 14.5% |
| Tawuniya | 17.5% | 14.4% |
| Malath Insuranc | 4.5% | 7.1% |
| SAICO | 3.2% | 4.3% |
| AXA Cooperative | 3.7% | 3.8% |
| AlRajhi Takaful | 3.3% | 3.6% |
| U C A | 4.5% | 3.2% |
| Arabian Shield | 2.0% | 2.4% |
| Saudi Re | 3.5% | 2.3% |
| Trade Union | 3.0% | 2.0% |
| Wataniya | 2.0% | 2.0% |
| Walaa | 2.1% | 1.9% |
| AICC | 2.2% | 1.9% |
| ACIG | 1.1% | 1.8% |
| Allianz SF | 2.1% | 1.7% |
| Gulf General | 1.8% | 1.4% |
| Sagr Insurance | 0.6% | 1.2% |
| Al Alamiya | 0.9% | 1.1% |
| Salama | 1.0% | 1.1% |
| WAFa Insurance | 0.7% | 1.0% |
| Buruj | 1.1% | 1.0% |
| Gulf Union | 1.8% | 0.9% |
| ATC | 1.0% | 0.9% |
| Solidarity | 0.6% | 0.9% |
| ACE | 1.1% | 0.9% |
| Amana Insurance | 1.4% | 0.7% |
| Al-Ahlia | 1.1% | 0.6% |
| Alinma Tokio M | 0.2% | 0.6% |
| SABB Takaful | 0.5% | 0.5% |
| ANB Insurance | 0.0% | 0.3% |
| Enaya | 0.2% | 0.1% |
| Jazira Takaful | 0.0% | 0.1% |
| SANAD | 0.9% | 0.0% |

Market Share of Insurance Companies



Market Structure

Health Insurance

In the health insurance sector, written premiums totaled SAR 4.97 billion shifting up 21%, while net written premiums surged 25% to SAR 4.8 billion. Similarly, net earned premiums amounted to SAR 3.7 billion skyrocketing 23.7% 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 96.6% compared to 93.5% at the end of the first quarter 2014. Furthermore, net incurred claims grew by 24.1% to SAR 3.14 billion, thus pushing the losses ratio in this activity to 84.1% compared to 83.8% for the first quarter of last year.

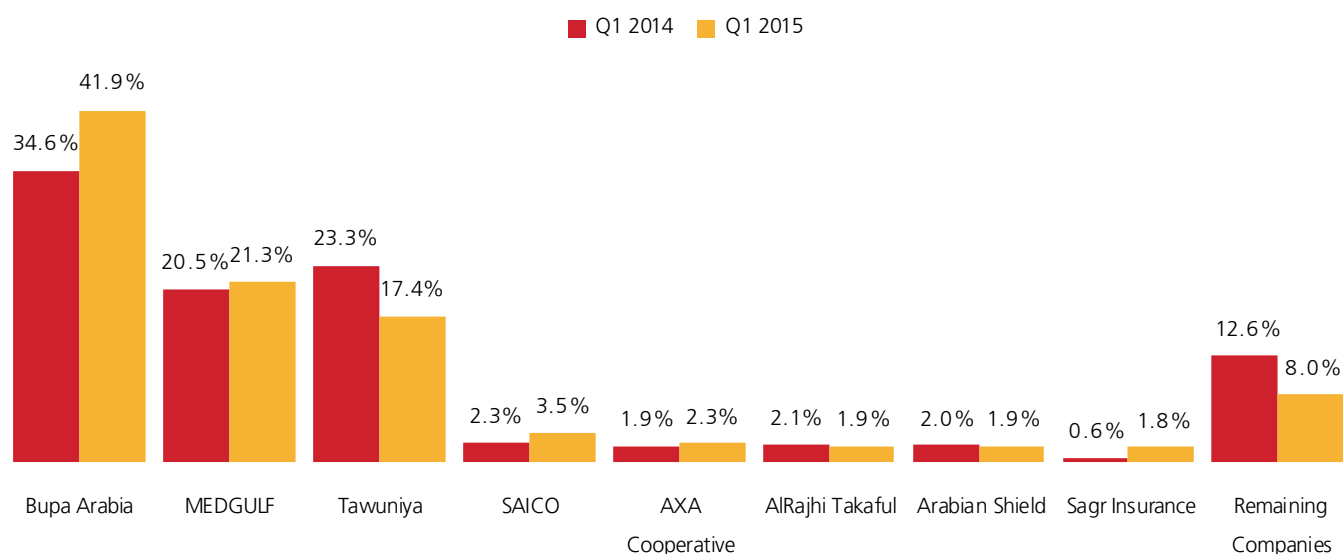
Three companies seized 80.6% of the market, while seven companies received 13.8%, and 18 companies shared the remaining 5.6% of the market for less than 1% for each company. The biggest change has occurred in the market share of Bupa which increased 7.3%, while Tawuniya's market share dwindled 5.9%

| Health Insurance (SAR million) | Q1 2014 | Q1 2015 | Growth |
|--------------------------------|---------|---------|--------|
| Gross Premium Written | 4,107 | 4,968 | 21.0% |
| Net Premium Written | 3,841 | 4,797 | 24.9% |
| Net Premium Earned | 3,020 | 3,735 | 23.7% |
| Net Claims Incurred | 2,532 | 3,142 | 24.1% |
| Retention Ratio | 93.5% | 96.6% | 3.1% |
| Claims Ratio | 83.8% | 84.1% | 0.3% |

Health Insurance

| Market Share | Q1 2014 | Q1 2015 |
|-----------------|---------|---------|
| Bupa Arabia | 34.6% | 41.9% |
| MEDGULF | 20.5% | 21.3% |
| Tawuniya | 23.3% | 17.4% |
| SAICO | 2.3% | 3.5% |
| AXA Cooperative | 1.9% | 2.3% |
| AlRajhi Takaful | 2.1% | 1.9% |
| Arabian Shield | 2.0% | 1.9% |
| Sagr Insurance | 0.6% | 1.8% |
| ACIG | 1.5% | 1.3% |
| Amana Insurance | 1.2% | 1.0% |
| Malath Insuranc | 0.7% | 0.9% |
| Wafa Insurance | 0.8% | 0.9% |
| AICC | 0.2% | 0.7% |
| U C A | 1.7% | 0.6% |
| Solidarity | 0.1% | 0.6% |
| Gulf General | 0.4% | 0.3% |
| Allianz SF | 0.5% | 0.3% |
| Al-Ahlia | 0.9% | 0.2% |
| Walaa | 0.2% | 0.2% |
| Salama | 0.3% | 0.2% |
| Enaya | 0.5% | 0.2% |
| Trade Union | 1.6% | 0.2% |
| ANB Insurance | 0.0% | 0.1% |
| Gulf Union | 1.5% | 0.1% |
| Buruj | 0.2% | 0.1% |
| Al Alamiya | 0.0% | 0.0% |
| ACE | 0.0% | 0.0% |
| SANAD | 0.4% | 0.0% |

Health Insurance Market Share



Market Structure

General Insurance

By the end of Q1 2015, the growth of gross written premiums for general insurance amounted to 26.7% posting SAR 5.3 billion. Meanwhile, net written premiums edged up 33.4% coming in at SAR 3.7 billion, while net earned premiums hit SAR 2.3 billion surging 28.7% over Q1 2014. The higher percentage growth in net written premiums versus the gross figure pushed the retention ratio to 70% compared to 66% at the end of Q1 2014. Net incurred claims soared 21.8% to SAR 1.9 billion thus trimming the claims ratio to 83% compared to 88% in the first quarter 2014.

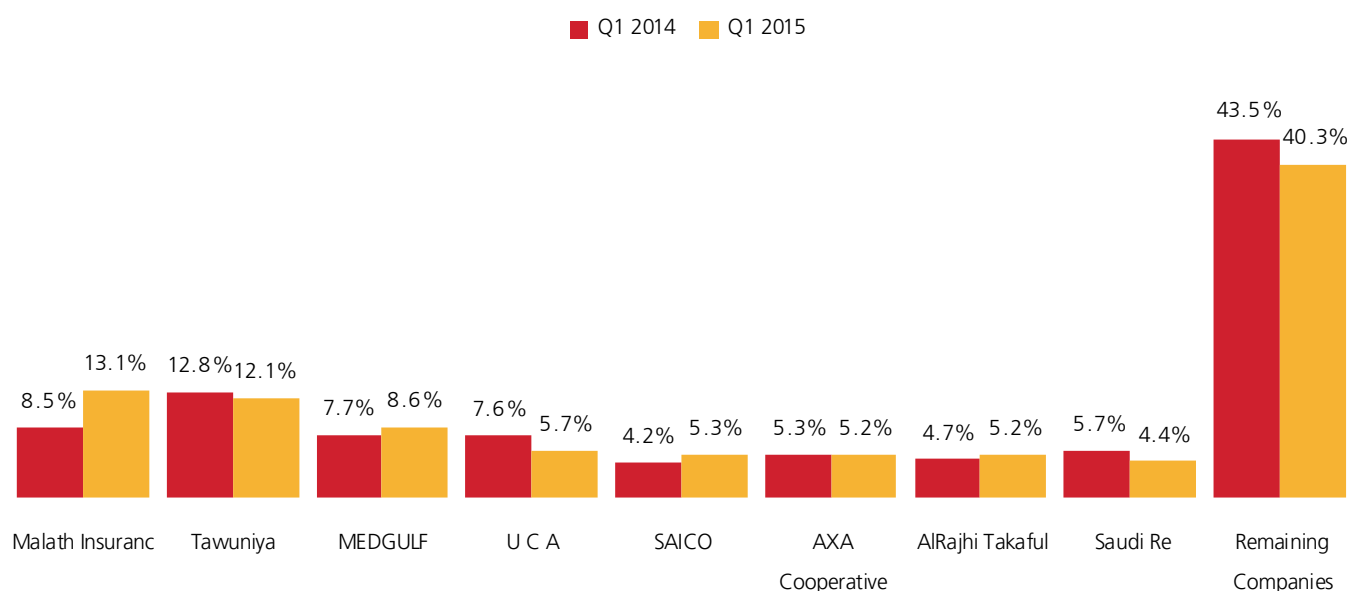
In this type of insurance, seven companies captured 55.3% of the market, 10 other players shared 31%, and 13 insurers collectively accounted for the remaining 13.7% of the market for less than 1% for each company shares. Malath Insurance increased its market share by 4.6%; which constitutes the biggest change in the market shares.

| General Insurance (SAR million) | Q1 2014 | Q1 2015 | Growth |
|---------------------------------|---------|---------|--------|
| Gross Premium Written | 4,179 | 5,295 | 26.7% |
| Net Premium Written | 2,775 | 3,702 | 33.4% |
| Net Premium Earned | 1,752 | 2,254 | 28.7% |
| Net Claims Incurred | 1,541 | 1,877 | 21.8% |
| Retention Ratio | 66.4% | 69.9% | 3.5% |
| Claims Ratio | 88.0% | 83.3% | (4.7%) |

General Insurance

| Market Share | Q1 2014 | Q1 2015 |
|-----------------|---------|---------|
| Malath Insuranc | 8.5% | 13.1% |
| Tawuniya | 12.8% | 12.1% |
| MEDGULF | 7.7% | 8.6% |
| U C A | 7.6% | 5.7% |
| SAICO | 4.2% | 5.3% |
| AXA Cooperative | 5.3% | 5.2% |
| AlRajhi Takaful | 4.7% | 5.2% |
| Saudi Re | 5.7% | 4.4% |
| Wataniya | 4.1% | 3.9% |
| Trade Union | 4.5% | 3.9% |
| Walaa | 4.1% | 3.5% |
| AICC | 4.3% | 3.1% |
| Arabian Shield | 2.1% | 3.0% |
| Gulf General | 3.4% | 2.4% |
| Allianz SF | 2.8% | 2.3% |
| ACIG | 0.7% | 2.3% |
| Al Alamiya | 1.9% | 2.2% |
| Salama | 1.8% | 1.9% |
| Buruj | 2.0% | 1.9% |
| Gulf Union | 2.2% | 1.8% |
| ACE | 2.2% | 1.7% |
| Solidarity | 1.1% | 1.2% |
| WAFA Insurance | 0.7% | 1.2% |
| Alinma Tokio M | 0.4% | 1.1% |
| Al-Ahlia | 1.3% | 1.0% |
| Sagr Insurance | 0.7% | 0.7% |
| Amana Insurance | 1.8% | 0.5% |
| ANB Insurance | 0.0% | 0.5% |
| SANAD | 1.4% | 0.0% |

General Insurance Market Share



Market Structure

Protection and Savings Insurance

Gross written premiums for the protection and savings insurance slumped 10% in Q1 2015 culminating at SAR 227 million, while net written premiums slipped 27.3% to SAR 131 million. Simultaneously, net earned premiums amounted to SAR 100 million, tumbling 21% versus the same period the previous year.

Net claims incurred soared 25.5% to SAR 72 million, thus it has led to an increase in the loss ratio to 71% compared to 45% in the first quarter 2014.

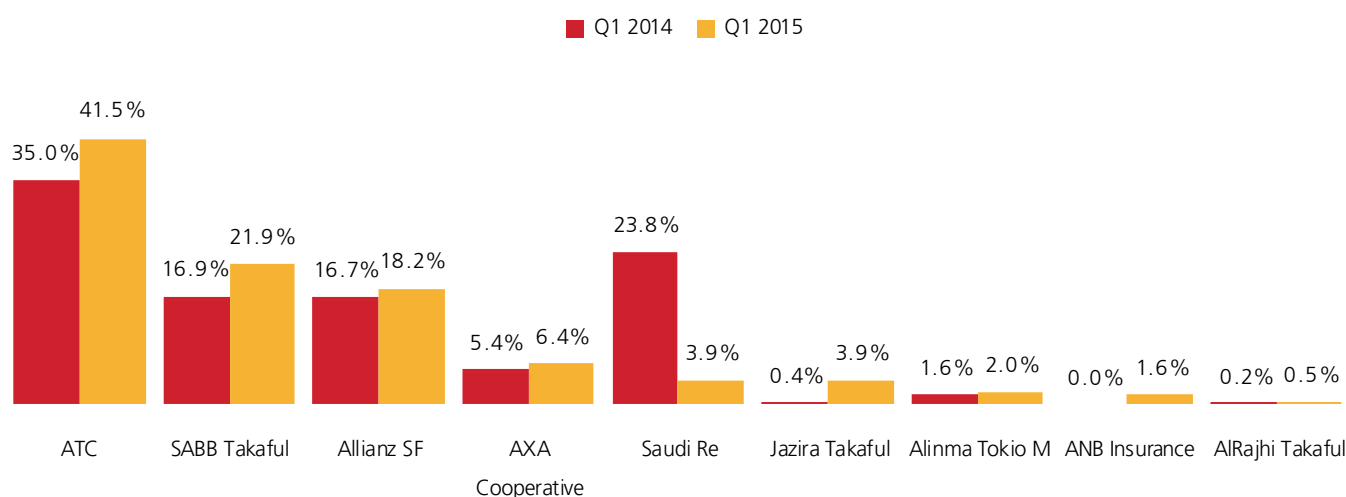
The segment is consisted of 9 insurers; three of them held a 81.1% market share, versus 18.4% for the three other companies. The biggest change has occurred in the market share of Ahli Takaful which increased 6.5% coupled with a decline in the market share of Saudi Reinsurance Company by 20%.

Protection & Savings Insurance Market

| Share | Q1 2014 | Q1 2015 |
|-----------------|---------|---------|
| ATC | 35.0% | 41.5% |
| SABB Takaful | 16.9% | 21.9% |
| Allianz SF | 16.7% | 18.2% |
| AXA Cooperative | 5.4% | 6.4% |
| Saudi Re | 23.8% | 3.9% |
| Jazira Takaful | 0.4% | 3.9% |
| Alinma Tokio M | 1.6% | 2.0% |
| ANB Insurance | 0.0% | 1.6% |
| AlRajhi Takaful | 0.2% | 0.5% |

| Protection & Savings Insurance | Q1 2014 | Q1 2015 | Growth |
|--------------------------------|---------|---------|---------|
| Gross Premium Written | 252 | 227 | (9.9%) |
| Net Premium Written | 180 | 131 | (27.3%) |
| Net Premium Earned | 127 | 100 | (21.0%) |
| Net Claims Incurred | 57 | 72 | 25.5% |
| Claims Ratio | 45% | 71% | 26.0% |

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 Q1 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, 70% for MEDGULF and Sagr Insurance. In the vehicle sector, Malath and Salama held the highest concentration with 89% and 84%, respectively. In protection and saving insurance, 100% of the operations of Jazira Takaful, SABB and Ahli Takaful focused on this type of insurance.

SAR MN

| 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% |
| MEDGULF | 70% | 19% | | | | 11% | | 100% |
| Sagr Insurance | 70% | 20% | | | 4% | 7% | | 100% |
| Amana Insurance | 66% | 31% | 0% | 1% | 1% | 0% | | 100% |
| Tawuniya | 57% | 20% | | | 19% | 3% | | 100% |
| Vehicle Insurance | | | | | | | | |
| Malath Insuranc | 6% | 89% | | 0% | 3% | 1% | | 100% |
| Salama | 9% | 84% | | | | 7% | | 100% |
| Buruj | 3% | 78% | 4% | | 8% | 7% | | 100% |
| Walaa | 5% | 73% | | 7% | 6% | 9% | | 100% |
| Al-Ahlia | 18% | 66% | | 6% | | 11% | | 100% |
| Trade Union | 4% | 65% | | | | 31% | | 100% |
| AlRajhi Takaful | 26% | 63% | | | | 11% | 0% | 100% |
| U C A | 9% | 62% | | | | 29% | | 100% |
| Alinma Tokio M | | 60% | 11% | 5% | 13% | 3% | 7% | 100% |
| ACIG | 35% | 59% | | | | 6% | | 100% |
| AICC | 17% | 58% | 5% | 11% | | 10% | | 100% |
| AXA Cooperative | 28% | 57% | 3% | 2% | 3% | 3% | 4% | 100% |
| Al Alamiya | 0% | 55% | 8% | 6% | 23% | 8% | | 100% |
| Solidarity | 30% | 53% | | 4% | 3% | 10% | | 100% |
| Gulf General | 12% | 50% | 10% | 6% | 17% | 6% | | 100% |
| Protection & Savings | | | | | | | | |
| Jazira Takaful | | | | | | | 100% | 100% |
| ATC | | | | | | | 100% | 100% |
| SABB Takaful | | | | | | | 100% | 100% |
| Multi-Line | | | | | | | | |
| Saudi Re | | 4% | 13% | 14% | 28% | 37% | 4% | 100% |
| Wataniya | | 40% | 7% | 12% | 23% | 18% | | 100% |
| ANB Insurance | 13% | | 0% | 68% | 3% | 4% | 11% | 100% |
| ACE | | 41% | | 7% | 31% | 21% | | 100% |
| SANAD | | 48% | 10% | 46% | | | | 100% |
| Gulf Union | 4% | 44% | 17% | | | 36% | | 100% |
| Allianz SF | 9% | 22% | | 14% | 21% | 11% | 23% | 100% |
| SAICO | 38% | 27% | 1% | 2% | 26% | 5% | | 100% |
| Arabian Shield | 38% | 37% | | | 18% | 7% | | 100% |
| Wafa Insurance | 43% | 50% | | | | 7% | | 100% |

Financial Indicators

| Company | Issued Shares (MN) | Free Floating Shares (MN) | Net Income LTM (MN) | Net Income Q1 2015 (MN) | Shareholders Equity (MN) | Market Cap. | 12M EPS | PE | P/BV | Equity to Capital Paid |
|------------------|--------------------|---------------------------|---------------------|-------------------------|--------------------------|---------------|-------------|--------------|-------------|------------------------|
| Tawuniya | 100.00 | 53.37 | 615 | 87.8 | 2,010 | 9,470 | 6.15 | 15.40 | 4.71 | 2.01 |
| ANB Insurance | 17.50 | 5.25 | (29) | (7.9) | 113 | 1,003 | (1.66) | M | 8.90 | 0.64 |
| Jazira Takaful | 35.00 | 10.50 | 8 | 3.0 | 358 | 1,794 | 0.22 | 229.18 | 5.01 | 1.02 |
| Malath Insurance | 30.00 | 30.00 | (15) | (13.4) | 262 | 1,036 | (0.51) | M | 3.94 | 0.87 |
| MEDGULF | 100.00 | 36.50 | 90 | (52.4) | 1,137 | 4,184 | 0.90 | 46.32 | 3.67 | 1.14 |
| ALLIANZ SF | 20.00 | 7.00 | 27 | 5.5 | 190 | 1,052 | 1.34 | 39.41 | 5.52 | 0.95 |
| SALAMA | 10.00 | 7.00 | 3 | 2.3 | 29 | 293 | 0.29 | 100.38 | 10.02 | 0.29 |
| Walaa Insurance | 40.00 | 35.56 | 15 | (9.0) | 162 | 623 | 0.38 | 41.35 | 3.84 | 0.41 |
| Arabian Shield | 20.00 | 11.00 | 18 | 4.5 | 250 | 757 | 0.89 | 42.62 | 3.03 | 1.25 |
| SABB Takaful | 34.00 | 12.26 | 17 | 3.1 | 358 | 1,568 | 0.51 | 90.19 | 4.37 | 1.05 |
| SANAD | 20.00 | 14.16 | - | 4.7 | - | 305 | - | - | - | - |
| SAICO | 25.00 | 17.00 | 20 | 4.8 | 225 | 608 | 0.81 | 30.14 | 2.70 | 0.90 |
| Wafa | 20.50 | 14.15 | 3 | 4.7 | 34 | 409 | 0.14 | 138.78 | 12.19 | 0.16 |
| Gulf Union | 22.00 | 15.03 | (0) | 1.6 | 117 | 388 | (0.01) | M | 3.31 | 0.53 |
| ATC | 16.67 | 7.42 | 39 | 13.9 | 178 | 1,065 | 2.33 | 27.43 | 5.98 | 1.07 |
| Al-Ahlia | 32.00 | 30.20 | (53) | 0.5 | 181 | 476 | (1.66) | M | 2.63 | 0.56 |
| ACIG | 20.00 | 12.00 | 11 | 3.8 | 113 | 543 | 0.53 | 51.46 | 4.78 | 0.57 |
| AICC | 40.00 | 24.96 | 6 | 2.2 | 66 | 550 | 0.16 | 88.77 | 8.36 | 0.16 |
| Trade Union | 27.50 | 18.35 | 0 | 2.5 | 244 | 975 | 0.00 | 24372.00 | 3.99 | 0.89 |
| Sagr Insurance | 25.00 | 17.50 | 9 | (3.1) | 330 | 744 | 0.35 | 84.23 | 2.25 | 1.32 |
| U C A | 49.00 | 32.08 | (51) | 6.6 | 366 | 748 | (1.04) | M | 2.04 | 0.75 |
| Saudi Re | 100.00 | 89.80 | (22) | (9.3) | 805 | 1,020 | (0.22) | M | 1.26 | 0.80 |
| Bupa Arabia | 40.00 | 21.10 | 359 | 36.8 | 1,072 | 9,553 | 8.97 | 26.62 | 8.91 | 2.68 |
| Al Rajhi Takaful | 40.00 | 15.20 | 20 | 5.7 | 108 | 1,258 | 0.49 | 64.13 | 11.67 | 0.27 |
| ACE | 10.00 | 6.00 | 13 | (1.0) | 185 | 660 | 1.30 | 50.94 | 3.56 | 1.85 |
| AXA-Cooperative | 45.00 | 20.25 | 19 | 9.9 | 460 | 1,087 | 0.41 | 58.30 | 2.36 | 1.02 |
| Gulf General | 20.00 | 13.00 | 12 | (0.1) | 208 | 589 | 0.58 | 50.98 | 2.82 | 1.04 |
| Buruji | 25.00 | 11.63 | 20 | 5.1 | 95 | 688 | 0.79 | 35.01 | 7.23 | 0.38 |
| Al Alamiya | 40.00 | 12.00 | (10) | 2.1 | 276 | 2,220 | (0.24) | M | 8.05 | 0.69 |
| Solidarity | 55.50 | 39.94 | (90) | (64.0) | 206 | 771 | (1.62) | M | 3.73 | 0.37 |
| Wataniya | 10.00 | 3.45 | 9 | 3.2 | 71 | 888 | 0.89 | 99.63 | 12.56 | 0.71 |
| Amana Insurance | 32.00 | 25.12 | (92) | (25.9) | 100 | 426 | (2.87) | M | 4.26 | 0.31 |
| Enaya | 40.00 | 16.00 | (46) | (9.8) | 241 | 1,100 | (1.16) | M | 4.56 | 0.60 |
| Alinma Tokio M | 20.00 | 6.00 | (27) | (4.5) | 84 | 962 | (1.37) | M | 11.46 | 0.42 |
| Total | 1,201.67 | 704.67 | 895 | 13.9 | 10,632 | 50,201 | 0.75 | 29.58 | 4.72 | 0.88 |

Outstanding shares of insurance sector reached 1.2 billion shares making 2.4% of total outstanding shares in the Saudi Market.

Market Cap. * reached SR 50.2 billion making 2.5% of total market cap. of Saudi Market.

The sector's aggregate 12M net Income of Q1 2015 amounted to SR 895 million with 12M EPS of SR 0.75.

By the end of December 2014, the equity-to-capital ratio went above 1.00x for 11 companies where the equity-to-capital ratio reached 0.88x for the total sector.

10 Saudi Banks are main shareholders of 10 insurance companies.

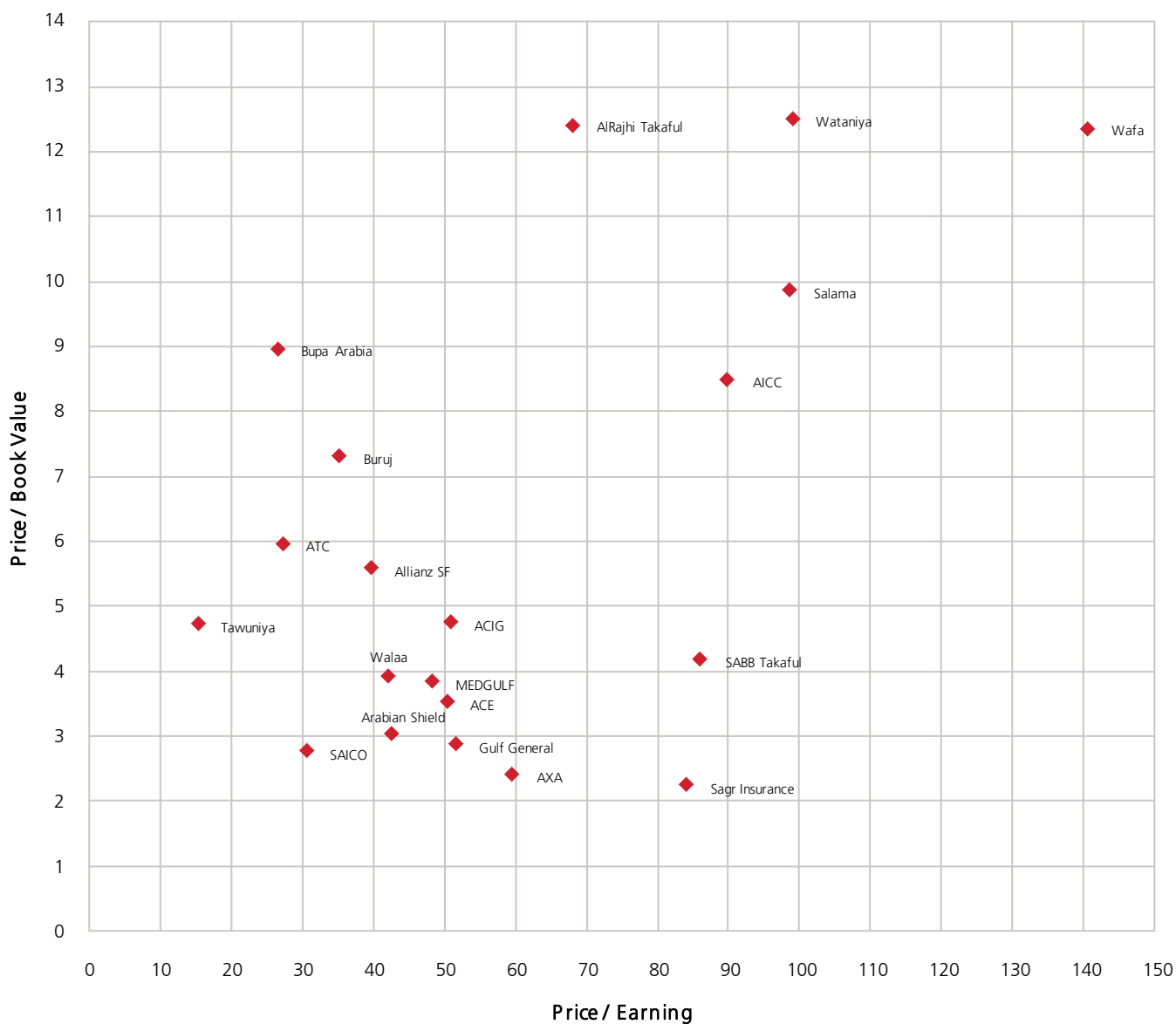
| Company | Associate Bank | Ownership |
|------------------|--------------------------|-----------|
| ANB Insurance | Arab National Bank | 29.90% |
| Alinma Tokio M | Alinma Bank | 28.75% |
| Jazira Takaful | Aljazira Bank | 35.00% |
| Wataniya | Saudi Hollandi Bank | 20.00% |
| MEDGULF | Saudi Investment 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 Q1 2015
 Market Cap., PE and P/BV as of June 28, 2015

Valuation

Twenty two companies in the sector generated profits in the four quarters ending March 2015.

The following figure reflects the valuation levels of these companies based on P/E and P/B* based on Q1 2015 figures:



*As of closing prices of June 28, 2015.

Insurance Premiums Breakdown

| SAR MN Company | GPW | | | NPW | | | NPE | | | Net Claims Incurred | | | Retention Ratio | | Claims Ratio | |
|-------------------|---------|---------|-------|---------|---------|--------|---------|---------|-------|---------------------|---------|--------|-----------------|---------|--------------|---------|
| | Q1 2014 | Q1 2015 | G | Q1 2014 | Q1 2015 | G | Q1 2014 | Q1 2015 | G | Q1 2014 | Q1 2015 | G | Q1 2014 | Q1 2015 | Q1 2014 | Q1 2015 |
| Tawuniya | 1,494 | 1,506 | 1% | 1,258 | 1,247 | (1%) | 1,131 | 1,285 | 14% | 986 | 1,010 | 2% | 84% | 83% | 87% | 79% |
| ANB Insurance | 0 | 33 | - | 0 | 7 | - | 0 | 1 | - | 0 | 1 | - | - | 20% | | 87% |
| Jazira Takaful | 1 | 9 | 727% | 0 | 2 | 764% | 0 | 4 | - | 0 | 0 | - | 24% | 25% | 3% | 11% |
| Malath Insurance | 384 | 741 | 93% | 347 | 711 | 105% | 203 | 396 | 96% | 171 | 333 | 95% | 90% | 96% | 84% | 84% |
| MEDGULF | 1,164 | 1,516 | 30% | 902 | 1,300 | 44% | 805 | 829 | 3% | 676 | 792 | 17% | 78% | 86% | 84% | 96% |
| ALLIANZ SF | 181 | 180 | (0%) | 110 | 99 | (10%) | 103 | 82 | (21%) | 83 | 51 | (39%) | 61% | 55% | 81% | 62% |
| SALAMA | 88 | 114 | 29% | 82 | 107 | 31% | 54 | 80 | 50% | 45 | 66 | 48% | 93% | 94% | 83% | 82% |
| Walaa Insurance | 181 | 197 | 9% | 101 | 166 | 66% | 44 | 88 | 97% | 44 | 70 | 59% | 56% | 84% | 100% | 80% |
| Arabian Shield | 169 | 252 | 49% | 112 | 147 | 31% | 59 | 77 | 30% | 45 | 61 | 34% | 66% | 58% | 76% | 78% |
| SABB Takaful | 43 | 50 | 16% | 39 | 43 | 12% | 54 | 33 | (39%) | 6 | 2 | (63%) | 91% | 88% | 12% | 7% |
| SANAD | 77 | 0 | (99%) | 57 | (0) | (101%) | 45 | 11 | (76%) | 35 | (1) | (103%) | 74% | - | 78% | - |
| SAICO | 272 | 455 | 67% | 150 | 282 | 88% | 100 | 155 | 56% | 80 | 117 | 45% | 55% | 62% | 81% | 75% |
| Wafa | 61 | 107 | 76% | 43 | 82 | 90% | 34 | 44 | 29% | 20 | 25 | 25% | 70% | 76% | 58% | 56% |
| Gulf Union | 153 | 98 | (36%) | 90 | 39 | (57%) | 55 | 24 | (56%) | 49 | 16 | (68%) | 59% | 39% | 89% | 65% |
| ATC | 88 | 94 | 7% | 31 | 25 | (20%) | 17 | 18 | 1% | 4 | 3 | (20%) | 35% | 26% | 24% | 19% |
| Al-Ahliya | 92 | 67 | (27%) | 85 | 60 | (29%) | 56 | 51 | (10%) | 39 | 31 | (21%) | 92% | 90% | 69% | 61% |
| ACIG | 90 | 187 | 107% | 65 | 161 | 148% | 58 | 66 | 15% | 42 | 49 | 19% | 72% | 86% | 72% | 75% |
| AICC | 186 | 197 | 6% | 148 | 136 | (8%) | 98 | 112 | 15% | 92 | 92 | 0% | 79% | 69% | 94% | 82% |
| Trade Union | 253 | 212 | (16%) | 158 | 138 | (12%) | 158 | 110 | (31%) | 129 | 91 | (30%) | 62% | 65% | 82% | 83% |
| Sagr Insurance | 52 | 127 | 145% | 38 | 113 | 195% | 47 | 50 | 7% | 33 | 42 | 26% | 74% | 89% | 71% | 84% |
| U C A | 388 | 336 | (13%) | 285 | 255 | (10%) | 172 | 174 | 1% | 145 | 141 | (2%) | 73% | 76% | 84% | 81% |
| Saudi Re | 299 | 244 | (19%) | 291 | 225 | (23%) | 115 | 67 | (42%) | 96 | 68 | (29%) | 97% | 92% | 83% | 102% |
| Bupa Arabia | 1,421 | 2,079 | 46% | 1,420 | 2,073 | 46% | 881 | 1,514 | 72% | 767 | 1,302 | 70% | 100% | 100% | 87% | 86% |
| Al Rajhi Takaful | 281 | 373 | 33% | 248 | 341 | 37% | 147 | 217 | 47% | 121 | 176 | 46% | 88% | 91% | 82% | 81% |
| ACE | 90 | 91 | 1% | 43 | 54 | 27% | 23 | 26 | 17% | 14 | 20 | 40% | 48% | 60% | 63% | 75% |
| AXA-Cooperative | 314 | 403 | 29% | 286 | 377 | 32% | 178 | 232 | 30% | 150 | 189 | 26% | 91% | 94% | 84% | 81% |
| Gulf General | 156 | 142 | (9%) | 87 | 76 | (13%) | 46 | 40 | (13%) | 31 | 32 | 4% | 56% | 53% | 67% | 79% |
| Buruj | 90 | 104 | 15% | 74 | 85 | 16% | 54 | 81 | 50% | 38 | 64 | 70% | 82% | 82% | 70% | 79% |
| Al Alamiya | 79 | 118 | 49% | 34 | 72 | 113% | 39 | 50 | 28% | 44 | 32 | (26%) | 43% | 61% | 112% | 65% |
| Solidarity | 51 | 93 | 84% | 39 | 69 | 77% | 27 | 51 | 90% | 64 | 93 | 46% | 77% | 74% | 238% | 183% |
| Wataniya | 173 | 206 | 19% | 55 | 80 | 46% | 57 | 46 | (19%) | 43 | 35 | (20%) | 32% | 39% | 76% | 75% |
| Amana Insurance | 123 | 78 | (36%) | 95 | 36 | (63%) | 21 | 61 | 185% | 21 | 78 | 265% | 78% | 46% | 100% | 128% |
| Enaya | 21 | 10 | (53%) | 12 | 6 | (54%) | 9 | 3 | (63%) | 9 | 3 | (62%) | 59% | 58% | 97% | 99% |
| Alinma Tokio M | 21 | 65 | 208% | 11 | 14 | 26% | 7 | 9 | 32% | 6 | 6 | 1% | 54% | 22% | 90% | 69% |
| Sector | 8,533 | 10,483 | 23% | 6,794 | 8,628 | 27% | 4,895 | 6,087 | 24% | 4,128 | 5,090 | 23% | 80% | 82% | 84% | 84% |

GPW: Gross Premium Written

NPW: Net Premium Written

NPE: Net Premium Earned

Retention Ratio Breakdown - Q1 2015

SAR MN

| Company | Health Insurance | Vehicle Insurance | Marine Insurance | Engineering Insurance | Property Insurance | Liabilities & Accidents | Total |
|------------------|------------------|-------------------|------------------|-----------------------|--------------------|-------------------------|-------|
| Tawuniya | 99% | 100% | | | 13% | | 84% |
| ANB Insurance | | | | | | | |
| Jazira Takaful | | | | | | | 24% |
| Malath Insurance | 100% | 100% | | 30% | 9% | 32% | 90% |
| MEDGULF | 85% | 84% | | | | 26% | 78% |
| ALLIANZ SF | 46% | 97% | | 25% | 18% | 20% | 61% |
| SALAMA | 97% | 99% | | | | 20% | 93% |
| Walaa Insurance | 100% | 98% | | 5% | 4% | 59% | 56% |
| Arabian Shield | 100% | 52% | | | 2% | 19% | 66% |
| SABB Takaful | | | | | | 53% | 91% |
| SANAD | 96% | 98% | 15% | 4% | | 23% | 74% |
| SAICO | 98% | 97% | 9% | 4% | 2% | 28% | 55% |
| Wafa | 58% | 98% | | | | 16% | 70% |
| Gulf Union | 96% | 59% | 14% | | | 21% | 59% |
| ATC | | | | | | | 35% |
| Al-Ahlia | 96% | 99% | | 8% | | 66% | 92% |
| ACIG | 76% | 92% | | | | 21% | 72% |
| AICC | 54% | 99% | 27% | 12% | | 13% | 79% |
| Trade Union | 55% | 89% | | | | 17% | 62% |
| Sagr Insurance | 92% | 93% | | | 4% | 31% | 74% |
| U C A | 100% | 100% | | | | 19% | 73% |
| Saudi Re | | 98% | 100% | 93% | 96% | 100% | 97% |
| Bupa Arabia | 100% | | | | | | 100% |
| Al Rajhi Takaful | 99% | 99% | | | | 22% | 88% |
| ACE | 63% | 98% | | 23% | 10% | 51% | 48% |
| AXA-Cooperative | 94% | 100% | 54% | 49% | 52% | 84% | 91% |
| Gulf General | 47% | 86% | 24% | 15% | 2% | 45% | 56% |
| Buruj | 97% | 99% | 32% | | 9% | 20% | 82% |
| Al Alamiya | 76% | 94% | 18% | -5% | -13% | 46% | 43% |
| Solidarity | 100% | 79% | | 8% | 12% | 38% | 77% |
| Wataniya | | 80% | 7% | 6% | 4% | 18% | 32% |
| Amana Insurance | 50% | 100% | 18% | 6% | 11% | 23% | 78% |
| Enaya | 59% | | | | | | 59% |
| Alinma Tokio M | | 99% | 19% | 17% | -55% | 19% | 54% |
| Sector | 94% | 95% | 41% | 31% | 21% | 29% | 80% |

Financial Statement

| Balance Sheet (SAR million) | Q1 2014 | Q1 2015 | Growth |
|--|---------------|---------------|------------|
| Policyholders (PH) Assets: | | | |
| Investments | 7,973 | 8,581 | 8% |
| Cash at Banks | 4,133 | 6,344 | 53% |
| Receivables, Net | 8,195 | 8,967 | 9% |
| Other PH Assets | 12,359 | 13,554 | 10% |
| Total PH Assets | 31,736 | 37,446 | 18% |
| Shareholders (SH) Assets | | | |
| Investments | 7,098 | 8,407 | 18% |
| Cash at Banks | 2,379 | 2,880 | 21% |
| Other SH Assets | 1,898 | 1,391 | (27%) |
| Total SH Assets | 11,625 | 12,678 | 9% |
| Total Assets | 43,361 | 50,123 | 16% |
| PH Liabilities | | | |
| Reinsurers Balances Payable | 1,814 | 1,817 | 0% |
| Technical Reserves | 25,878 | 31,128 | 20% |
| Other Liabilities | 4,043 | 4,501 | 11% |
| Total PH Liabilities | 31,736 | 37,446 | 18% |
| SH Liabilities | | | |
| SH Liabilities | 2,366 | 2,156 | (9%) |
| Capital | 9,962 | 11,042 | 11% |
| SH Equity | 9,259 | 10,521 | 14% |
| Total SH Liabilities and Equity | 11,625 | 12,678 | 9% |
| Total Liabilities | 43,361 | 50,123 | 16% |
| Income Statement (SAR million) | | | |
| Statement of Insurance Operations & Surplus | | | |
| Gross Premium Written | 8,533 | 10,484 | 23% |
| Net Premium Written | 6,794 | 8,628 | 27% |
| Net Premium Earned | 4,896 | 6,088 | 24% |
| Reinsurance Commission | 206 | 219 | 6% |
| Other Underwriting Income | 48 | 52 | 8% |
| Investment Income and Other Income | 56 | 59 | |
| Total Revenues | 5,206 | 6,418 | 23% |
| Gross Claim Paid | 4,027 | 5,703 | 42% |
| Net Claim Incurred | 4,128 | 5,090 | 23% |
| Policy Acquisition Costs | 371 | 386 | 4% |
| Excess of Loss Expenses | 22 | 14 | (36%) |
| Other Expenses | 728 | 910 | 25% |
| Total Costs and Expenses | 5,249 | 6,400 | 22% |
| Net Surplus after SH Appropriation | 36 | 21 | (42%) |
| Accumulated PH Surplus End of Period | 28 | 48 | 71% |
| Statement of SH Operations | | | |
| Investment and Management Fee Income | 134 | 106 | (21%) |
| Other Income | 2 | 1 | (50%) |
| SH Appropriation From Net Surplus | (71) | (4) | (94%) |
| General and Administrative Expenses | 84 | 83 | (1%) |
| Net Income (Loss) for the Period | (19) | 13.9 | N/A |

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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