

Saudi Insurance Sector

Q1 2017

The report depicts the performance of insurance sector in Saudi Arabia during the first-quarter of 2017. The report shows the main insurance indicators as gross premium written, net premium earned, claims incurred and net income for each of the sector and individual companies.

Research Scope: The report includes all the data of the listed insurance companies in the Saudi Stock Market that are licensed to issue insurance policies in any insurance activity, except:

1. Saudi Reinsurance Company: The company is excluded as its activity is not consistent with the remaining listed insurance companies as the company operates in reinsurance activity only.

Thus, the number of companies under coverage in this report totaled 32 companies out of 33 listed companies.

Content

Overview	2
Insurance Structure	3
Insurance Sector Performance	4
Market Profitability	7
Health Insurance	8
General Insurance	10
Vehicle Insurance	11
Protection & Savings Insurance	13
Consolidated Financial Statements	14
Concentration of Insurance Segments	15
Financial Indicators	16
Appendixes	17

Source: Insurance Companies filings, SAMA, Tadawul, CCHI, and Albilad Capital.

For more information, please contact:

Turki Fadaak
Research & Advisory Manager
tfadaak@albilad-capital.com

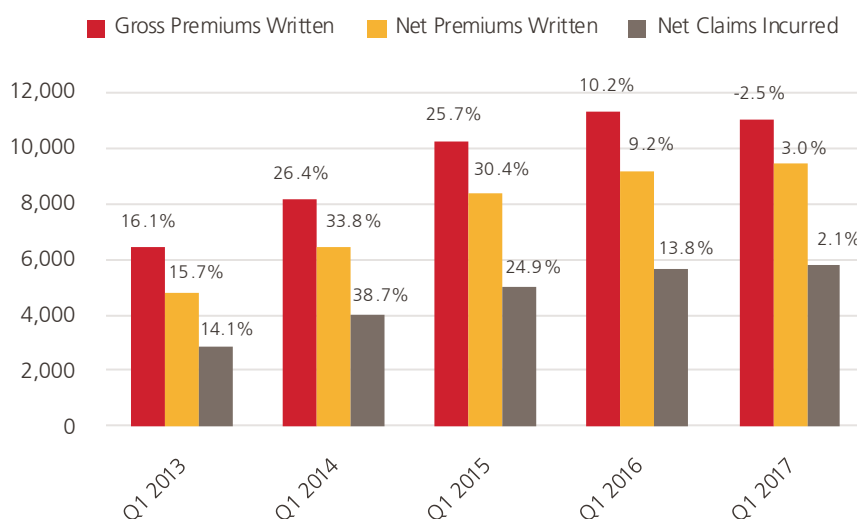
Abdulrahman S. Aljarboua, MSF
Financial Analyst
aaljarboua@albilad-capital.com



Executive Summary

- The gross written premiums of the Saudi insurance sector fell by 2.5% YoY in Q1 2017, largely due to slowdown in the economic activity.
- Gross written premiums came in at SAR 11 billion (USD 2.94 billion) in Q1 2017.
- Insurance assets registered growth of 6.4% YoY, coming in at SAR 56.9 billion (USD 15.2 billion). Investment grew 8.9% versus 19% in Q1 2016.
- The insurance penetration stood at 3% in Q1 2017, meanwhile insurance density per capita shrank 4.98% or SAR 17 to SAR 339 (USD 90).
- The retention ratio progressed to 86.6% in Q1 2017, which reflects less reliance on reinsurance market, meantime, the claims ratio surged to 81.1%.
- Compulsory insurance lines - health and vehicle insurance - continues to dominate the insurance sector, together capturing 86% of the market's total premiums.
- Consolidated profit of the insurance sector grew by 2.8% coming in at SAR 315 million in Q1 2017 compared with SAR 306 million in Q1 2016.
- There is still wide disparity in the individual performance of insurance companies, with only three companies captured 49% of the total insurance market.

Insurance Sector Evolution with Growth Rates (SAR million)



Saudi Insurance Sector

Overview

During the last years, the insurance sector flourished with the support of improvement in the regulatory environment and enforcement of the compulsory insurance, as a result of the population growth, increasing number of workers in the private sector, and higher number of vehicles, along with mounting awareness of the insurance’s importance.

Looking at the future, we expect that the government’s direction to strengthen the non-oil sector will provide growth opportunities for the insurance sector as a whole. The Ministry of Health is expected to turn hundreds of government-owned hospitals and thousands of primary health care centers into better-run corporations. This could significantly increase the number of accredited care providers within the insurance network. In addition, we expect hospitals to start charging insurance companies of at-fault motorists for the medical costs of their road accident victims, which aimed to reduce the burden of vehicle accidents on the government’s health budget. The additional burden of loss, as well as loss adjustment expenses could push up vehicle insurance premiums even higher than current levels.

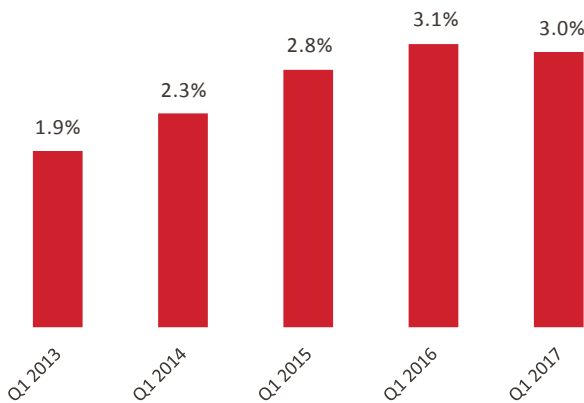
Furthermore, the Saudi Arabian Monetary Authority (SAMA) is expected to fasten insurance companies with the Traffic Police Department through electronic terminals, to ensure enforcement of compulsory insurance on all vehicles and force motorists of illegally uninsured vehicles to buy insurance coverage. It is estimated that some 55% of the vehicles on the country’s roads are uninsured, therefore, this step would increase the number of insurance policies.

Contribution of the insurance sector to non-oil GDP remains low

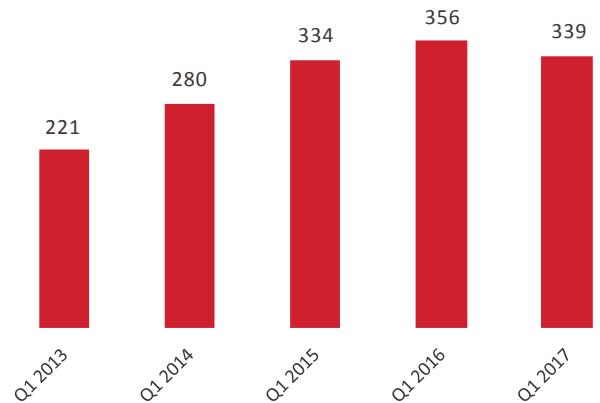
The insurance penetration, which refers to the contribution of the insurance sector to non-oil GDP, came in at 3.0% in Q1 2017. Meanwhile, the ratio of the total insurance assets to non-oil GDP sector reached 15.5% during the same period. This percentage still remains relatively weak, reflecting the small size of the sector compared with the banking sector, which has assets of 602% over the non-oil GDP sector.

On the other hand, the insurance density rate — average insurance spending per capita — slipped 4.98% or SAR 17 to SAR 339 (USD 90) per capita in Q1 2017 from SAR 356 (USD 95) per capita in Q1 2016. Overall, the penetration and density rates of Saudi insurance are still relatively low compared with the mature insurance markets, which means that the insurance sector is still in the process of growth and offer future opportunities that are unexploited yet.

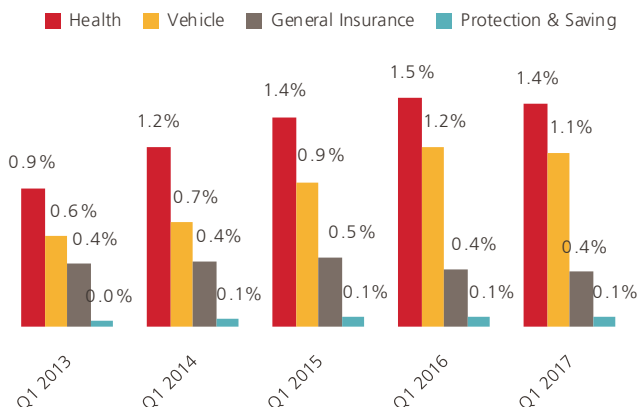
Insurance sector penetration to non-oil GDP



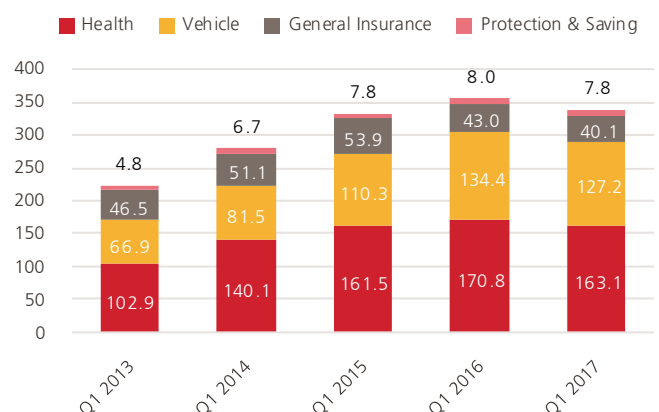
Insurance spending per capita (SAR)



Insurance Penetration Breakdown



Insurance Density Breakdown (SAR)



Saudi Insurance Sector

Insurance Structure

The Saudi Insurance consists of three business lines: health insurance, protection & savings insurance, and general insurance that includes seven activities, namely: vehicle, marine, aviation, energy, engineering, accidents & responsibilities, and property & fire insurance.

Health insurance continues to dominate the insurance sector

The health Insurance maintained its position as the largest insurance segment in the Saudi market, with a market share of 48.2% in terms of gross premiums in Q1 2017, followed by the vehicle insurance⁽¹⁾ which held 37.6%, then the general insurance with 11.9%. The protection and savings insurance accounted for only 2.3% of the total market premiums.

Due to the low awareness of insurance in the region, the two compulsory insurance lines of health and vehicle insurance together accounted for 86% of the market total premiums, leaving just 14% for the other segments. This clearly indicates that the insurance sector needs to adopt policies that help to improve competition and lead in practice to premium increases on other lines of business.

Overcrowding exacerbates imbalances

The insurance sector is still characterized by a high degree of concentration, as a result of an overcrowded market by too many insurance companies. The slowdown in insurance business activities clearly shows the continued disparity between the market leaders and the rest. Bupa Arabia, Tawuniya, and AlRajhi Takaful, the top three insurance companies in Saudi Arabia, enjoyed a combined market share of 49% in Q1 2017. The ten largest companies by premiums seized 78% of total premiums during the same period.

Therefore, the insurance market will need to implement initiatives intended to support consolidation among companies. If insurers head toward a merger, their greater size will help dilute the impact of high costs and expenses, which subsequently would likely help promote greater competition across the whole market.

Service providers

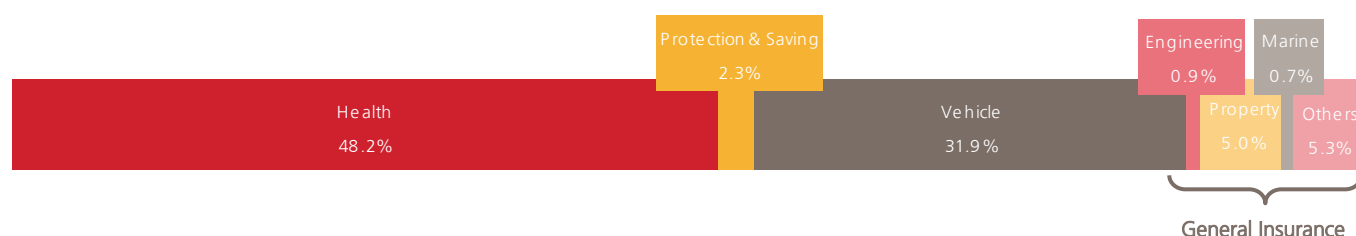
The Saudi insurance sector has 33 listed insurers in the Saudi Stock Market, which operate at least in one of the three major insurance lines. Moreover, all Saudi listed insurers operate under the Takaful system or Islamic cooperative insurance scheme.

In general, there are twenty-seven companies that offer health insurance services. Twenty-eight companies provide general insurance, while eleven companies offer protection and savings insurance. In addition, there are about 217 professional companies that support the insurance services.

(1) Vehicle Insurance was excluded from General Insurance due to its size.

	Insurance Market Share	Q1 2016	Q1 2017
1	Bupa Arabia	21.6%	20.4%
2	Tawuniya	15.0%	18.3%
3	AlRajhi Takaful	4.7%	10.0%
4	MEDGULF	10.9%	7.1%
5	AXA Cooperative	4.0%	6.5%
6	Malath Insuranc	10.5%	4.1%
7	SAICO	3.0%	3.4%
8	Walaa	2.3%	2.7%
9	Allianz SF	1.4%	2.7%
10	Wataniya	1.9%	2.4%
11	Arabian Shield	2.4%	2.2%
12	Wafa Insurance	1.8%	2.1%
13	Trade Union	2.7%	2.1%
14	Salama	1.3%	2.1%
15	Buruj	1.1%	1.6%
16	Gulf Union	0.7%	1.5%
17	ATC	1.0%	1.1%
18	AICC	1.2%	1.0%
19	U C A	3.1%	1.0%
20	Alinma Tokio M	1.4%	0.9%
21	METLIFE AIG ANB	0.5%	0.9%
22	Sagr Insurance	0.6%	0.8%
23	Al Alamiya	1.0%	0.8%
24	CHUBB	0.7%	0.8%
25	ACIG	1.3%	0.7%
26	Gulf General	1.0%	0.7%
27	Enaya	0.3%	0.4%
28	SABB Takaful	0.4%	0.4%
29	Al-Ahlia	0.5%	0.4%
30	Solidarity	0.9%	0.3%
31	Amana Insurance	0.6%	0.2%
32	Jazira Takaful	0.1%	0.1%

Insurance Market Share - Q1 2017



Saudi Insurance Sector

Insurance Sector Performance

The Saudi insurance sector has witnessed a reduction in gross written premiums by 2.5% YoY in Q1 2017, hitting SAR 11 billion (USD 2.94bn) across all lines compared with SAR 11.3 billion (USD 3.01bn) in Q1 2016. The decline in premiums was mainly influenced by:

- Slowdown in insurable activities due to slowdown in economic activity.
- Increasing selectiveness in writing risky business by some insurance companies, to mitigate their risk of underwriting losses.
- Tariff increases over the past years after the introduction of actuarial pricing guidelines.

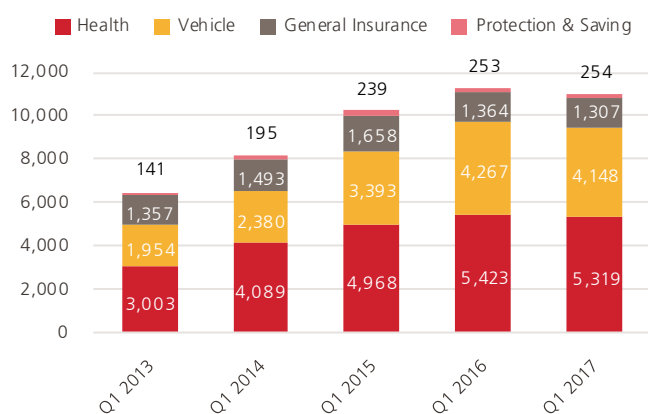
By line of business, the health insurance fell 1.9% YoY to SAR 5.3 billion in Q1 2017, which represented 48.2% of the market. The general insurance plummeted to SAR 1.3 billion, down 4.1% YoY. The vehicle insurance dropped to SAR 4.1 billion, down 2.8% from the same period in 2016. In contrast, the protection & savings insurance grew slightly by 0.5% reaching SAR 254 million.

High volume of claims raises the insurance risk

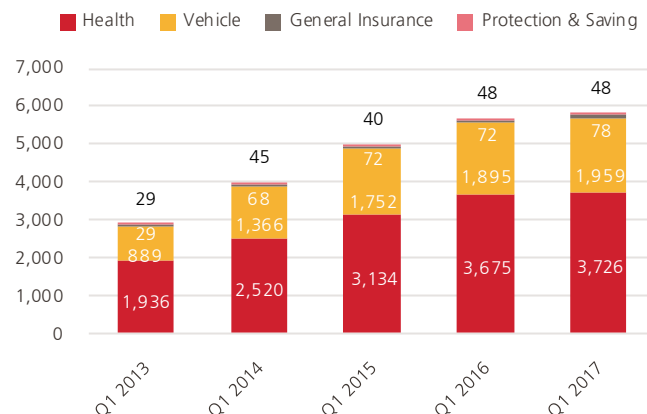
The insurance sector registered a 2.1% YoY increase in net claims incurred, posting SAR 5.8 billion (USD 1.55bn) in Q1 2017 compared with SAR 5.6 billion (USD 1.52bn) in Q1 2016. This was offset by a 1% downturn in net earned premiums. Broadly, all lines of insurance business saw claims increase, which may affect the ability of insurance companies to take risks and obligations.

Moreover, the claims on both health insurance and vehicle insurance captured 64% and 34% of net claims incurred, respectively. This rate reflects the needs of the sector for diversification and expansion of other insurance products and business lines to mitigate insurance risk and increase its contribution to GDP.

Gross Premium Written Breakdown (SAR million)



Net Claims Incurred Breakdown (SAR million)



Segment	Gross Premium Written (SAR million)			Net Premium Written (SAR million)			Net Premium Earned (SAR million)			Net Claims Incurred (SAR million)			Retention Ratio		Loss Ratio		Market Share	
	Q1 2016	Q1 2017	Growth	Q1 2016	Q1 2017	Growth	Q1 2016	Q1 2017	Growth	Q1 2016	Q1 2017	Growth	Q1 2016	Q1 2017	Q1 2016	Q1 2017	Q1 2016	Q1 2017
Health	5,423	5,319	(1.9%)	5,292	5,191	(1.9%)	4,586	4,406	(3.9%)	3,675	3,726	1.4%	97.6%	97.6%	80.1%	84.5%	48.0%	48.2%
Vehicle	4,267	4,148	(2.8%)	3,444	3,841	11.5%	2,347	2,494	6.2%	1,895	1,959	3.4%	80.7%	92.6%	80.7%	78.6%	37.7%	37.6%
General Insurance	1,364	1,307	(4.1%)	325	295	(9.0%)	279	247	(11.5%)	72	78	9.5%	23.8%	22.6%	25.7%	31.8%	12.1%	11.9%
Protection & Savings	253	254	0.5%	121	127	4.8%	117	108	(8.1%)	48	48	0.3%	-	-	40.7%	44.4%	2.2%	2.3%
Total	11,306	11,028	(2.5%)	9,181	9,454	3.0%	7,329	7,255	(1.0%)	5,689	5,811	2.1%	82.0%	86.6%	77.6%	80.1%	100%	100%

Saudi Insurance Sector

Retention rate reflects less reliance on reinsurance market

Retained risk in the Saudi insurance sector remains absolutely dominated by the two compulsory lines of health and vehicle insurance. In Q1 2017, the retention ratio was about 22.6%, excluding health and vehicle. With these lines included, the ratio jumps to 86.6%. This high figure indicates that insurers carry along most of the market risk, which affects their capacity and puts further pressure on the provided service to the customer.

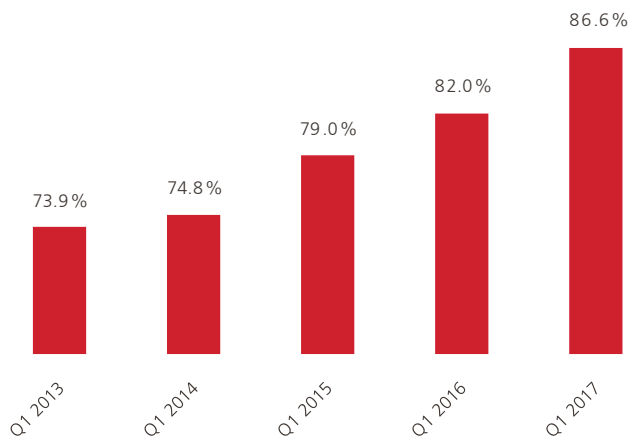
New regulations affect profitability

The loss ratio refers to the carried losses by an insurance company in the form of claims. The overall claims of the insurance sector grew negatively 2.5% to 80.1% in Q1 2017 compared with 77.6% in the previous-year period. This was largely due to the significant growth in claims rate on both health and general insurance, offset by a decline in net earned premiums during the same period.

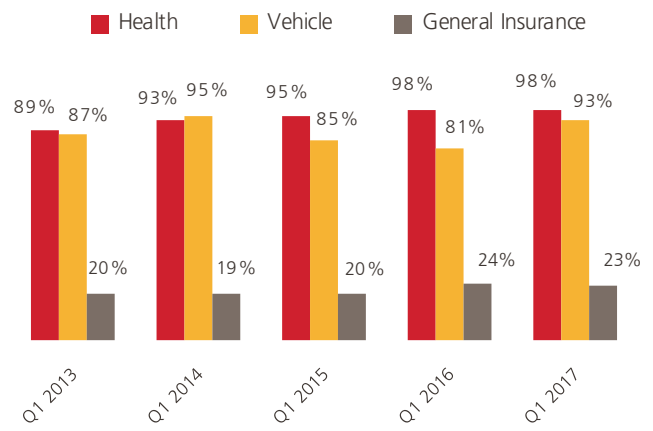
On the other hand, the expenses ratio rose slightly over Q1 2017, to 13.9%. Moreover, when we look at the sector's first-quarter results, we see a surprising number of insurers still suffering from some operational and administrative matters, despite they were established a long time ago. Many of the issues appear to be company-specific: excessive expenses and costs, undifferentiated products and services, or insufficient margins on highly competitive commodity lines of business; leading to large losses in their profits.

Moreover, we expect that operating expenses to pick up in the short-term, as insurance companies will need to hire more expertise and improve their systems to meet the new regulatory demands, such as Saudization of technical and leadership positions. We believe that smaller companies will find the new regulations particularly challenging, while larger insurers should be able to cope with the additional demands.

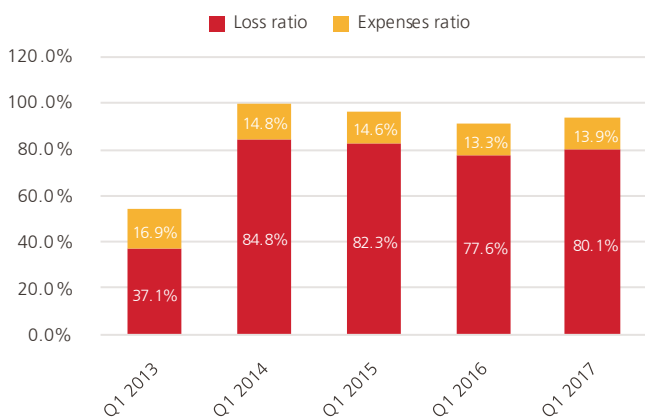
Retention Ratio



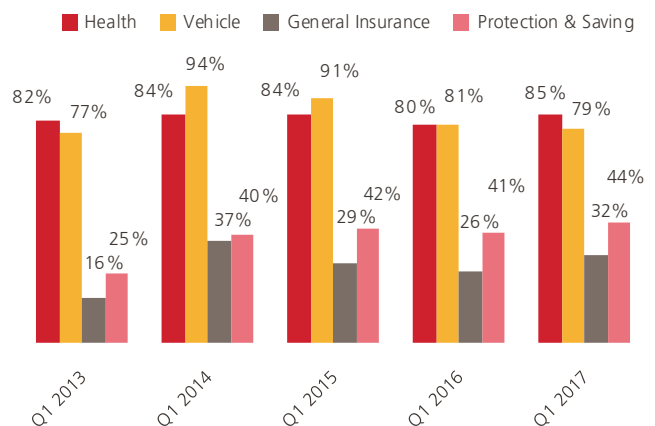
Retention Ratio Breakdown



Combined ratio of loss and expenses



Claims Ratio Breakdown



Saudi Insurance Sector

Balance sheet overview

Insurance companies unveiled a growth in assets, but at lower pace. Total assets surged 6% in Q1 2017 compared with 12% in the last-year period to SAR 56.9 billion. In terms of investments, which accounts for 56.6% of total assets, insurers held most of their investments in the form of cash at banks. In Q1 2017, investment expanded 8.9% compared with 19% in the previous-year period to SAR 32 billion, of which 12.3% were related to cash on hand, 20.8% time deposits, 25.3% investment available-for-sale, and 41.5% to other assets such as investment property and investment in associates. Meanwhile, reinsurers' share of unearned premiums, which represented 7% of the total insurance operations' assets, tumbled 23%.

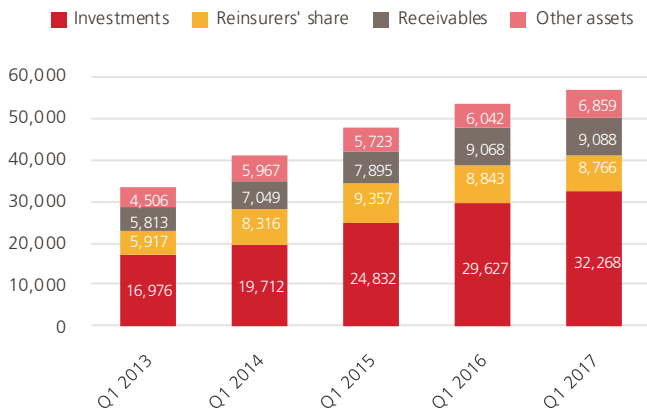
Shrinkage in share capital outpaced by drop in premiums

Share capital declined 9.6%, while premiums fell just 2.5%, signaling some strain on the insurance market's capital adequacy. In our opinion, the slowdown in premium and growth in reserves point to a potential weakening of insurers' risk-based capital positions. Total shareholder equity came in at SAR 13.5 billion in Q1 2017 compared with SAR 11.9 billion in the previous-year period, making an increase of 13.1% YoY. However, of the 32 listed insurers, only two witnessed an increase in their capital base, offset by 9 companies together losing SAR 993 million of their capital share.

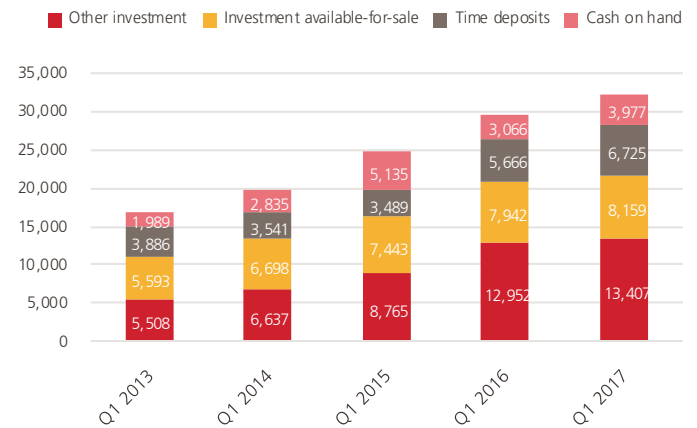
Growing technical reserves increases the durability and resistance of the sector to insurance risk

The insurance sector recorded an increase in the technical reserves by 2.9% YoY, to reach SAR 31.3 billion in Q1 2017. These reserves represent a full 76% of the total liabilities and 126% of net claims incurred. The growth in net technical reserves is notable, as is the catch-up growth in shareholders' funds since 2014, which has been largely funded by rights issues. Likewise, the statutory reserves formed 86% of the total shareholders' liabilities and 18% of the share capital, which reflects the existence of adequate provisions for insurance companies against losses.

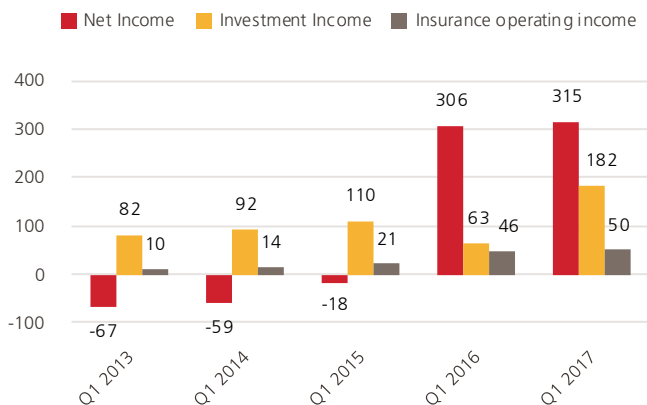
Aggregate Total Assets - Breakdown (SAR million)



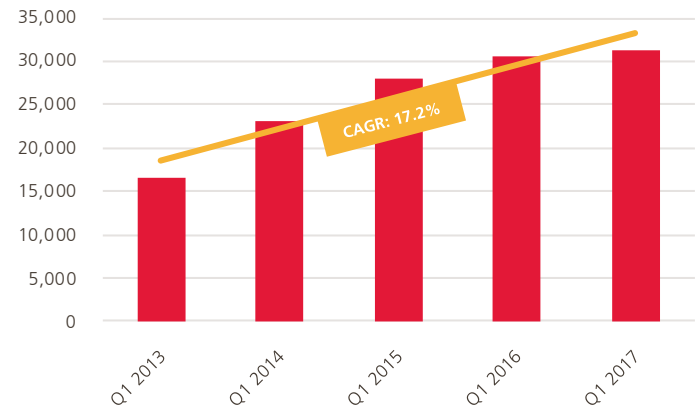
Investments Breakdown (SAR million)



Profitability (SAR million)



Technical Reserves growth (SAR million)



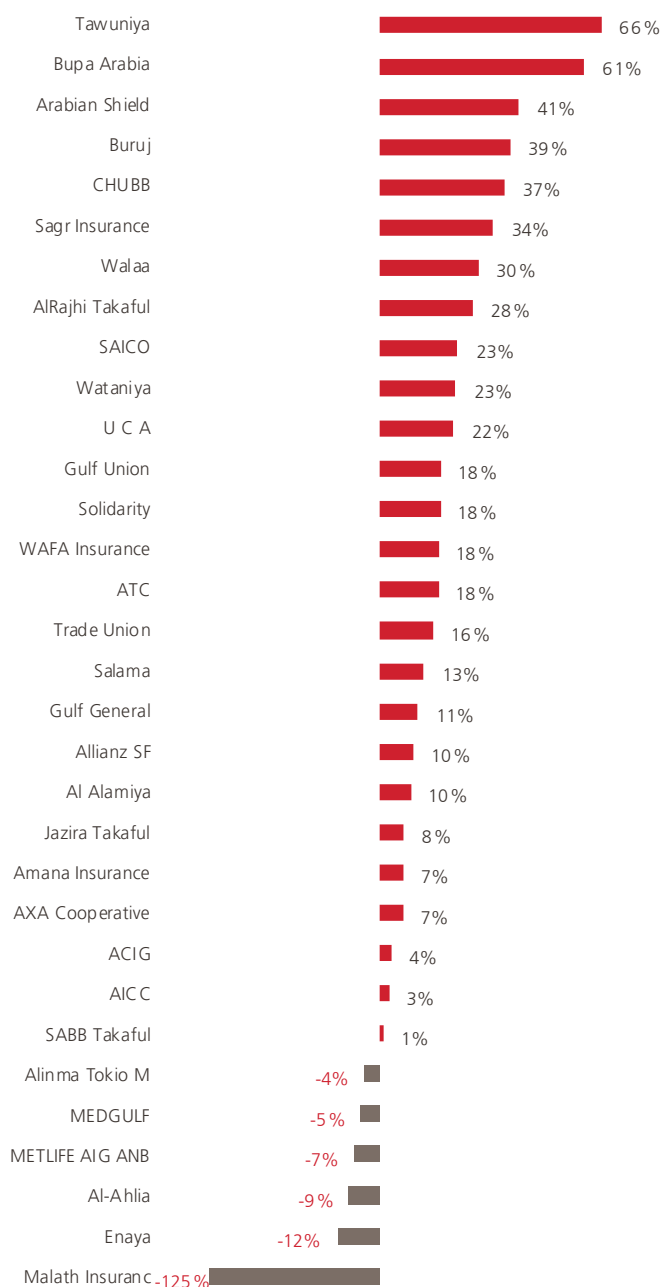
Saudi Insurance Sector

Market Profitability

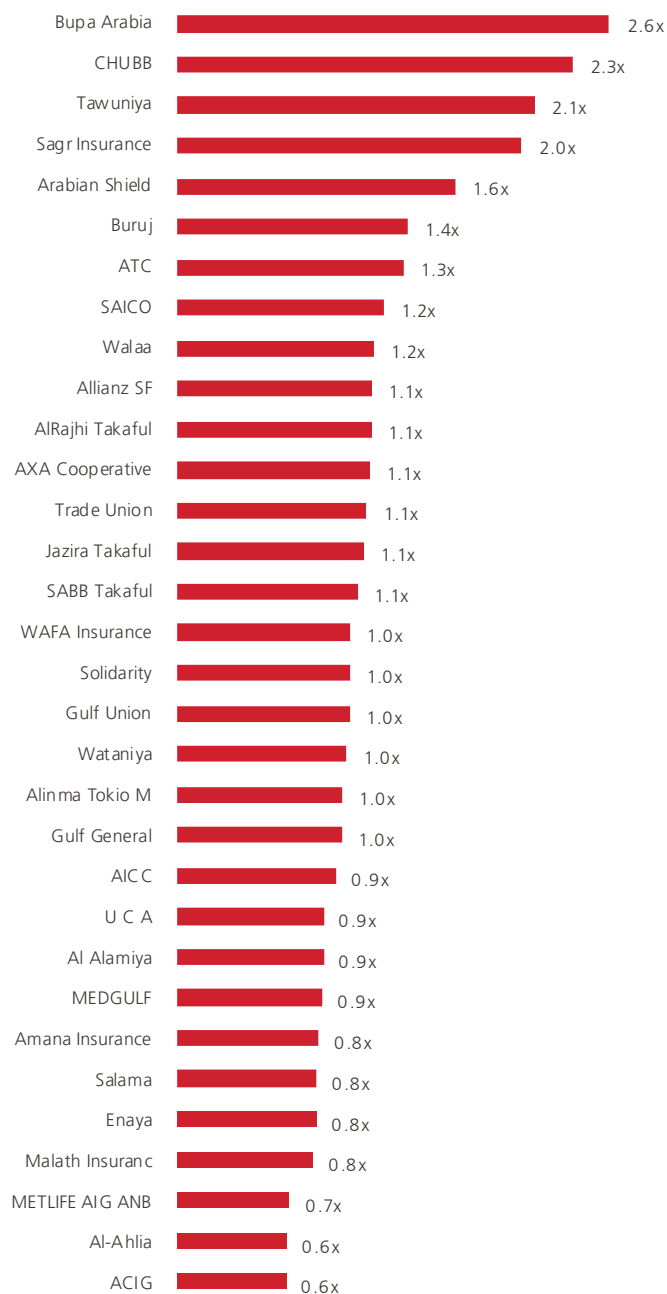
In aggregate, the insurers in Saudi market have witnessed growth of 2.8% YoY in their net profits, totaling SAR 315 million in Q1 2017 compared with SAR 306 million in Q1 2016. This was mainly driven by operating earnings, as a result of an improvement in pricing environment and a reduction in underwriting on activities priced below its value that had existed during last years. Moreover, the first-quarter results showed improved profit margins, due to lower reinsurance premiums, reduced policy acquisition costs, as well as higher income from investments. The return on assets expanded to 3.9% versus 2.2% in Q1 2016. Also, the return on equity rallied sharply to 15.8% compared with 9.9% in the same-period last-year.

However, there is still a large disparity in individual performance of insurance companies, with Al Tawuniya (the largest company) generated 45% of the sector net profits. Across the sector as a whole, 26 insurers achieved a positive return on capital, while 6 insurers recorded negative returns. Likewise, the equity to capital ratio for 21 companies stood above 1, meanwhile 11 companies were less than 1 in the same ratio, implying that about one-third of insurance companies have been eroded part of their capital.

Return on Capital - Q1 2017



Equity to Capital Ratio - Q1 2017



Saudi Insurance Sector

Health Insurance

A contraction of the insurance policies has reflected on the insurance premiums

The health insurance sector has registered a slight reduction in gross written premiums by 1.9% YoY, posting SAR 5.3 billion in Q1 2017. This drop coincided with the decline in the number of insurance policies to 507 thousand policy during the same period, compared with 731 thousand policy in Q1 2016, primarily as a result of the introduction of employer unified document for the private sector. Still, the health insurance captured 48.2% of the total market size. The retention ratio remained unchanged at 97.6%.

Despite the low reliance on reinsurance markets by insurers in the first-quarter, net earned premiums slumped 3.9% to SAR 4.4 billion, due to technical reserves expansion. Meantime, net claims incurred inflated 1.4% YoY to SAR 3.7 billion. These factors contributed to rising 4.4% in the loss ratio to 84.5%.

The largest companies continue to dominate the health insurance sector

Health insurance sector consisted of 27 listed insurers. However, Bupa Arabia, Tawuniya and Medgulf have continued to dominate the sector, as they combined generated around 81% of the total market premiums. The other seven largest companies seized only 11.6% of the market share, leaving just 7.4% for the remaining 17 listed insurers. This clearly indicates that most insurers are unable to compete with larger peers in an overcrowded market.

Health providers

The number of accredited health care providers by the Health Insurance Council now sits at 4,468 providers in Q1 2017. Overall, the total number of accredited hospitals reached 277 hospitals, and the number of hospital beds available to insured reached 46,041 beds. Also, the number of doctors in all health care providers has risen to 43,085 doctor.

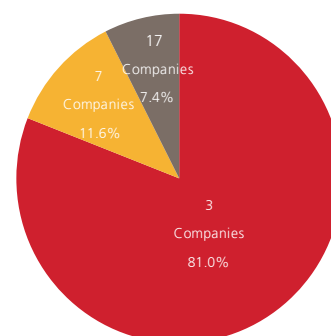
Furthermore, the Ministry of Health plans to turn government-owned hospitals and many primary health care centers into better-run corporations. The privatization of health care sector is expected to ramp up the number of accredited care providers inside the insurance network, but it is expected to ease pressure on the current private hospitals.

	Health Insurance Market Share	Q1 2016	Q1 2017
1	Bupa Arabia	45.1%	42.4%
2	Tawuniya	19.6%	27.2%
3	MEDGULF	16.3%	11.4%
4	SAICO	1.8%	2.2%
5	Arabian Shield	1.9%	2.2%
6	AlRajhi Takaful	1.7%	1.8%
7	AXA Cooperative	2.1%	1.5%
8	Sagr Insurance	0.8%	1.4%
9	METLIFE AIG ANB	0.6%	1.2%
10	Wafa Insurance	0.7%	1.2%
11	AICC	0.9%	0.9%
12	Enaya	0.6%	0.9%
13	Malath Insuranc	0.8%	0.9%
14	Buruj	0.9%	0.8%
15	Trade Union	1.1%	0.8%
16	Gulf Union	0.1%	0.5%
17	Salama	0.2%	0.5%
18	ACIG	0.8%	0.5%
19	Solidarity	1.3%	0.5%
20	U C A	0.4%	0.4%
21	Allianz SF	0.3%	0.3%
22	Walaa	0.8%	0.3%
23	Gulf General	0.3%	0.2%
24	Al-Ahlia	0.2%	0.2%
25	Amana Insurance	0.68%	0.0%
26	Al Alamiya	0.002%	0.0%

Health Insurance (SAR million)

	Q1 2016	Q1 2017	Growth
Gross Premium Written	5,423	5,319	(1.9%)
Net Premium Written	5,292	5,191	(1.9%)
Net Premium Earned	4,586	4,406	(3.9%)
Net Claims Incurred	3,675	3,726	1.4%
Retention Ratio	97.6%	97.6%	0.0%
Claims Ratio	80.1%	84.5%	5.5%

Health Ins. Market Share Concentration - Q1 2017



Saudi Insurance Sector

A significant increase in the number of insured

The number of insured in health insurance has risen to 11.3 million at the end of Q1 2017. But the number of Saudi nationals insured estimated to approach 2.03 million, representing 17.9% of the total insureds., while the number of foreign residents insured hit nearly 9.3 million, or 82.1% of the total insureds. Thus, only 35% of the population of Saudi Arabia are provided with health insurance benefits.

In addition, estimates show that approximately 870,000 foreign workers are working in the private sector without being provided with health cover by their employers. Therefore, the Health Insurance Council has started to implement the fourth phase of the unified document scheme in April 2017, which seeks to prompt private employers to provide health coverage for all employees and their dependents.

Saudi Insurance Sector

General Insurance

The general insurance sector is considered the largest sector on an activities and products basis. Broadly, general insurance includes seven sub-activities, namely: vehicle, marine, aviation, energy, engineering, accidents & responsibilities, and property & fire insurance.

Insurance Premiums

The gross written premiums of General insurance⁽¹⁾ came in at SAR 1.3 billion in Q1 2017, down 4.1% YoY. This deterioration in premiums mainly stemmed from a 52.8% tumble in aviation segment, a 8.3% decrease in engineering segment, and a 8.1% drop in marine segment, which was largely attributed to a decline in the number of insurance policies. This was offset by marked improvement in energy segment by 159.1% and an increase of 3.6% in property segment.

In addition, the sector showed further declines in margins. The loss ratio grew negatively to 31.8% compared with 25.7% in the last-year period. This was led by a 11.5% slump in net premiums earned to, SAR 247 million. While, net claims incurred expanded 9.5% YoY, to SAR 78 million.

Despite the sector often suffers from overcapacity, it still continues to cede most of its commercial exposure to reinsurance companies. The retention ratio fell to 22.6% in Q1 2017 from 23.8% in the previous-year period.

Market Structure

The general insurance is characterized by a relatively medium concentration of companies. Tawuniya retains its position as the largest insurer in terms of gross premiums, followed by SAICO. These top 2 players together captured around 30% of the market, representing an increase of 3.9% in their shares compared with the last-year period.

Meanwhile, 15 other insurers seized for 61% of total premiums. The remaining 11 insurers write only about 9% of the gross premiums in the market.

(1) Vehicle insurance was excluded due to its size.

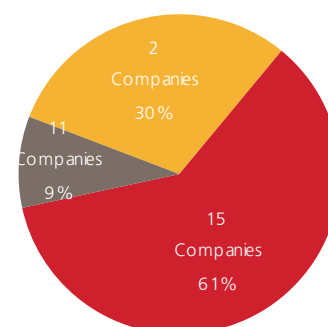
General Insurance Market Share

	Q1 2016	Q1 2017
1 Tawuniya	15.2%	17.2%
2 SAICO	11.4%	12.9%
3 Wataniya	8.0%	8.4%
4 MEDGULF	8.2%	7.1%
5 U C A	4.5%	6.5%
6 Arabian Shield	5.4%	5.3%
7 Walaa	5.2%	4.6%
8 Allianz SF	3.3%	4.0%
9 AXA Cooperative	3.2%	3.9%
10 CHUBB	3.3%	3.7%
11 Gulf General	3.2%	2.9%
12 AlRajhi Takaful	3.0%	2.9%
13 Trade Union	4.2%	2.4%
14 Gulf Union	3.1%	2.3%
15 Alinma Tokio M	3.0%	2.3%
16 Al Alamiya	4.3%	2.3%
17 Malath Insuranc	2.3%	2.2%
18 AICC	2.4%	1.7%
19 WAFA Insurance	1.1%	1.6%
20 Buruj	1.0%	1.1%
21 Al-Ahlia	1.0%	0.9%
22 ACIG	0.7%	0.8%
23 METLIFE AIG ANB	0.6%	0.8%
24 Salama	0.5%	0.7%
25 SABB Takaful	0.5%	0.6%
26 Sagr Insurance	0.5%	0.5%
27 Solidarity	0.4%	0.3%
28 Amana Insurance	0.6%	0.2%

General Insurance (SAR million)

	Q1 2016	Q1 2017	Growth
Gross Premium Written	1,364	1,307	(4.1%)
Net Premium Written	325	295	(9.0%)
Net Premium Earned	279	247	(11.5%)
Net Claims Incurred	72	78	9.5%
Retention Ratio	23.8%	22.6%	(5.1%)
Claims Ratio	25.7%	31.8%	23.7%

Market Share Concentration - Q1 2017



Saudi Insurance Sector

Vehicle Insurance

The vehicle insurance is the largest segment of general insurance, and the second after the health insurance at the market level, accounting for about 37.6% of overall GWP. However, the sector has proven problematic on several levels, for example, the number of serious road accidents, which is expected to have reported 1.1 million accidents in 2016. Worse still, some 55% of the vehicles on the country's roads are uninsured.

Insurance Premiums

The vehicle insurance sector registered a shrinkage in overall gross written premiums, down 2.8% YoY, reaching SAR 4.1 billion in Q1 2017. This was primarily attributable to a marked contraction in the number of registered vehicles and a reduction in the number of insurance policies by 17,000 policies from the last-year period.

The decline in written premiums was offset by a growth in net earned premiums by 6.2% YoY to SAR 2.5 billion. On the other side, net claims incurred increased 3.4% YoY, but at a slower pace than the growth of earned premiums, which contributed positively to a decline in the loss ratio to 78.6% from 80.7% in the previous-year period.

Moderate Competition

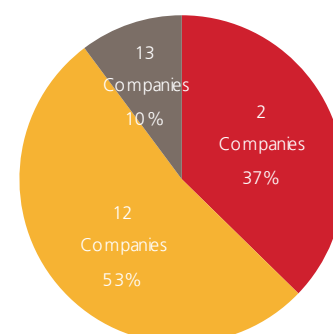
Despite the intense rivalry between the sector's 27 licensed insurers, the vehicle insurance sector is characterized by a medium degree of concentration. Al Rajhi Takafwul and AXA Cooperative, the top two companies in the segment seized 37% of the market. The two companies were able to increase its market shares significantly over their levels in Q1 2016, benefiting from the temporary suspension of some other insurance companies by SAMA. Furthermore, 12 other insurers captured 53% of total premiums, leaving only 10% for the remaining 13 insurers, with shares less than 2% for each company.

	Vehicle Insurance Market Share	Q1 2016	Q1 2017
1	AlRajhi Takaful	9.2%	23.2%
2	AXA Cooperative	6.6%	14.1%
3	Malath Insuranc	26.0%	9.0%
4	Tawuniya	10.1%	8.3%
5	Walaa	3.5%	5.4%
6	Allianz SF	1.5%	4.8%
7	Salama	2.9%	4.7%
8	Trade Union	4.4%	3.8%
9	WAFA Insurance	3.5%	3.5%
10	Wataniya	2.3%	3.4%
11	Buruj	1.5%	2.9%
12	Gulf Union	0.8%	2.5%
13	SAICO	2.1%	2.1%
14	MEDGULF	5.6%	2.1%
15	Alinma Tokio M	2.7%	1.6%
16	Arabian Shield	2.2%	1.3%
17	Al Alamiya	1.2%	1.3%
18	ACIG	2.2%	1.1%
19	AICC	1.2%	1.0%
20	CHUBB	0.8%	0.9%
21	Gulf General	1.4%	0.8%
22	Al-Ahlia	0.7%	0.6%
23	Amana Insurance	0.6%	0.5%
24	METLIFE AIG ANB	0.2%	0.4%
25	Sagr Insurance	0.5%	0.4%
26	Solidarity	0.3%	0.2%
27	U C A	6.2%	0.1%

Vehicle Insurance (SAR million)

	Q1 2016	Q1 2017	Growth
Gross Premium Written	4,267	4,148	(2.8%)
Net Premium Written	3,444	3,841	11.5%
Net Premium Earned	2,347	2,494	6.2%
Net Claims Incurred	1,895	1,959	3.4%
Retention Ratio	80.7%	92.6%	14.7%
Claims Ratio	80.7%	78.6%	(2.7%)

Market Share Concentration - Q1 2017



Vehicle Insurance

Decline in auto sales in the Kingdom

The Saudi market is considered one of the twenty largest auto market in the world and the largest among the Gulf markets. The number of vehicles on the country's roads totaled 14 million. However, initial estimates indicate that the number of new registered vehicles in 2017 is likely to be lower than in previous years.

Overall, the passenger vehicles constitute the largest share of new vehicle sales in the Kingdom, with estimated sales of about 520,500 vehicles, while the estimates for sales of commercial vehicles to be around 112,900 vehicles in 2017. Notably, the number of registered vehicles represents the primary driver of demand for vehicle insurance.

Saudi Insurance Sector

Protection & Savings Insurance

The share of protection and savings insurance is the lowest among all other insurance segments, which represents just 2.3% of overall gross written premiums.

The low market share for the protection and savings insurance is attributed to several factors including, the modernity of the Saudi insurance sector, poor savings culture, in addition to religious considerations of many categories of the community towards the protection and savings products as illegal.

Insurance Premiums

The sector saw gross premiums written increase slightly by 0.5% YoY to SAR 254 million in Q1 2017. In spite of a reduction in the number of insurance policies by 3.1%, which may indicate an increase in pricing levels.

On the other hand, the loss ratio grew to 44.4% compared with 40.7% in the previous-year period, owing to the dip in premiums earned. Net claims incurred stabilized at SAR 48 million. While, net premiums earned slumped 8.1% to SAR 108 million.

Market Structure

The protection and savings insurance market consists of 11 insurers. Yet, the top three companies held over 75% of the market in Q1 2017. The remaining 8 insurers write only about 25% of the gross premiums in the market.

Furthermore, we find that some insurers in this sector are characterized by specialization in specific products, but lack the scale to operate successfully in overcrowded and highly competitive markets.

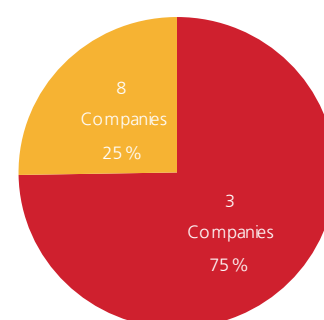
In our opinion, they need to differentiate their products in a clear way to attract new insurance buyers. Only companies with the capital strength, time to build scale, and develop an effective competitive advantage will continue to prosper.

	Market Share	Q1 2016	Q1 2017
1	ATC	46.1%	46.5%
2	SABB Takaful	15.3%	15.5%
3	Allianz SF	12.9%	12.8%
4	Wataniya	4.8%	6.0%
5	Jazira Takaful	4.9%	5.2%
6	METLIFE AIG ANB	2.7%	4.1%
7	AlRajhi Takaful	2.1%	3.9%
8	Alinma Tokio M	3.1%	2.5%
9	AXA Cooperative	4.6%	2.4%
10	Al Alamiya	0.0%	0.7%
11	Solidarity	3.5%	0.5%

Protection & Savings Insurance (SAR million)

	Q1 2016	Q1 2017	Growth
Gross Premium Written	253	254	0.5%
Net Premium Written	121	127	4.8%
Net Premium Earned	117	108	(8.1%)
Net Claims Incurred	48	48	0.3%
Claims Ratio	40.7%	44.4%	9.2%

Market Share Concentration - Q1 2017



Saudi Insurance Sector

Consolidated Financial Statements

Balance Sheet

(SAR million)	Q1 2013	Q1 2014	Q1 2015	Q1 2016	Q1 2017
Policyholders' assets					
Cash & cash equivalents	3,839	4,367	6,855	6,814	7,684
Investments	4,598	6,372	7,874	10,474	11,671
Receivables, net	6,130	7,646	8,476	9,326	9,239
Reinsurers' share	5,917	8,316	9,357	8,843	8,766
Other assets	2,660	3,871	3,721	4,274	3,958
Total policyholders' assets	23,143	30,572	36,284	39,730	41,318
Shareholders assets					
Cash and cash equivalents	3,544	3,654	3,929	4,365	4,410
Investments	4,985	5,308	6,163	7,964	8,493
Other assets	1,539	1,509	1,431	1,520	2,760
Total Shareholders' assets	10,068	10,472	11,523	13,849	15,664
Total assets	33,212	41,044	47,807	53,579	56,982
Policyholders' (PH) liabilities					
Gross outstanding claims	6,191	10,381	11,820	12,202	13,580
Gross unearned premiums	10,398	12,812	16,141	18,270	17,768
Other liabilities	6,555	7,379	8,324	9,258	9,970
Total policyholders' liabilities	23,143	30,572	36,284	39,730	41,318
Shareholders' (SH) liabilities and equity					
Shareholders' liabilities	1,118	2,110	1,845	1,916	2,168
Share capital	7,632	8,762	9,642	11,592	10,479
Total reserves and others	1,319	(400)	36	341	3,017
Total shareholders' liabilities and equity	10,068	10,472	11,523	13,849	15,664
Total PH liabilities and SH liabilities & equity	33,212	41,044	47,807	53,579	56,982

Income Statement

(SAR million)	Q1 2013	Q1 2014	Q1 2015	Q1 2016	Q1 2017
Gross premiums written	6,413	8,157	10,257	11,306	11,028
Net premiums written	4,732	6,080	8,033	9,181	9,454
Net premiums earned	3,088	4,512	5,949	7,329	7,255
Gain (loss) on investments	81,575	92	110	63	182
Gross claims paid	3,945	4,632	5,671	6,419	6,365
Net claims incurred	1,145	3,827	4,898	5,691	5,811
Surplus (deficit) from insurance operations	(119)	(70)	38	444	387
Shareholder's appropriation from surplus (deficit)	128	85	(17)	(397)	(337)
Net income (loss) for the period	(67)	(59)	(18)	306	315

Concentration of Insurance Segments per Company

Concentration of Insurance Segments per Company

Company	Health Insurance	Vehicle Insurance	General Insurance	Protection & Savings	Total
Health Insurance					
Bupa Arabia	100.0%	0.0%	0.0%	0.0%	100.0%
Enaya	100.0%	0.0%	0.0%	0.0%	100.0%
Sagr Insurance	77.4%	15.8%	6.8%	0.0%	100.0%
MEDGULF	77.1%	11.0%	11.9%	0.0%	100.0%
Tawuniya	71.7%	17.1%	11.1%	0.0%	100.0%
Solidarity	67.2%	17.7%	11.6%	3.5%	100.0%
METLIFE AIG ANB	63.5%	16.3%	10.0%	10.2%	100.0%
Vehicle Insurance					
Amana Insurance	0.0%	91.0%	9.0%	0.0%	100.0%
AlRajhi Takaful	8.9%	86.9%	3.4%	0.9%	100.0%
Salama	11.5%	84.7%	3.8%	0.0%	100.0%
Malath Insuranc	10.5%	83.2%	6.3%	0.0%	100.0%
AXA Cooperative	11.2%	80.9%	7.0%	0.8%	100.0%
Walaa	4.5%	75.3%	20.2%	0.0%	100.0%
Trade Union	17.6%	69.0%	13.4%	0.0%	100.0%
Buruj	24.8%	67.0%	8.2%	0.0%	100.0%
Allianz SF	4.9%	66.7%	17.6%	10.8%	100.0%
Alinma Tokio M	0.0%	65.1%	28.7%	6.2%	100.0%
Gulf Union	16.5%	64.7%	18.8%	0.0%	100.0%
Al Alamiya	0.0%	63.7%	34.4%	2.0%	100.0%
WAFA Insurance	28.1%	62.7%	9.2%	0.0%	100.0%
ACIG	29.8%	56.8%	13.4%	0.0%	100.0%
Al-Ahlia	20.0%	53.2%	26.8%	0.0%	100.0%
Wataniya	0.0%	52.9%	41.3%	5.8%	100.0%
General Insurance					
U C A	17.4%	5.2%	77.4%	0.0%	100.0%
CHUBB	0.0%	42.1%	57.9%	0.0%	100.0%
Protection & Savings					
Jazira Takaful	0.0%	0.0%	0.0%	100.0%	100.0%
ATC	0.0%	0.0%	0.0%	100.0%	100.0%
SABB Takaful	0.0%	0.0%	16.8%	83.2%	100.0%
Multi Insurance					
Gulf General	11.6%	42.7%	45.6%	0.0%	100.0%
SAICO	31.7%	23.2%	45.1%	0.0%	100.0%
Arabian Shield	47.9%	23.3%	28.8%	0.0%	100.0%
AICC	44.4%	36.1%	19.5%	0.0%	100.0%

Saudi Insurance Sector

Financial Indicators

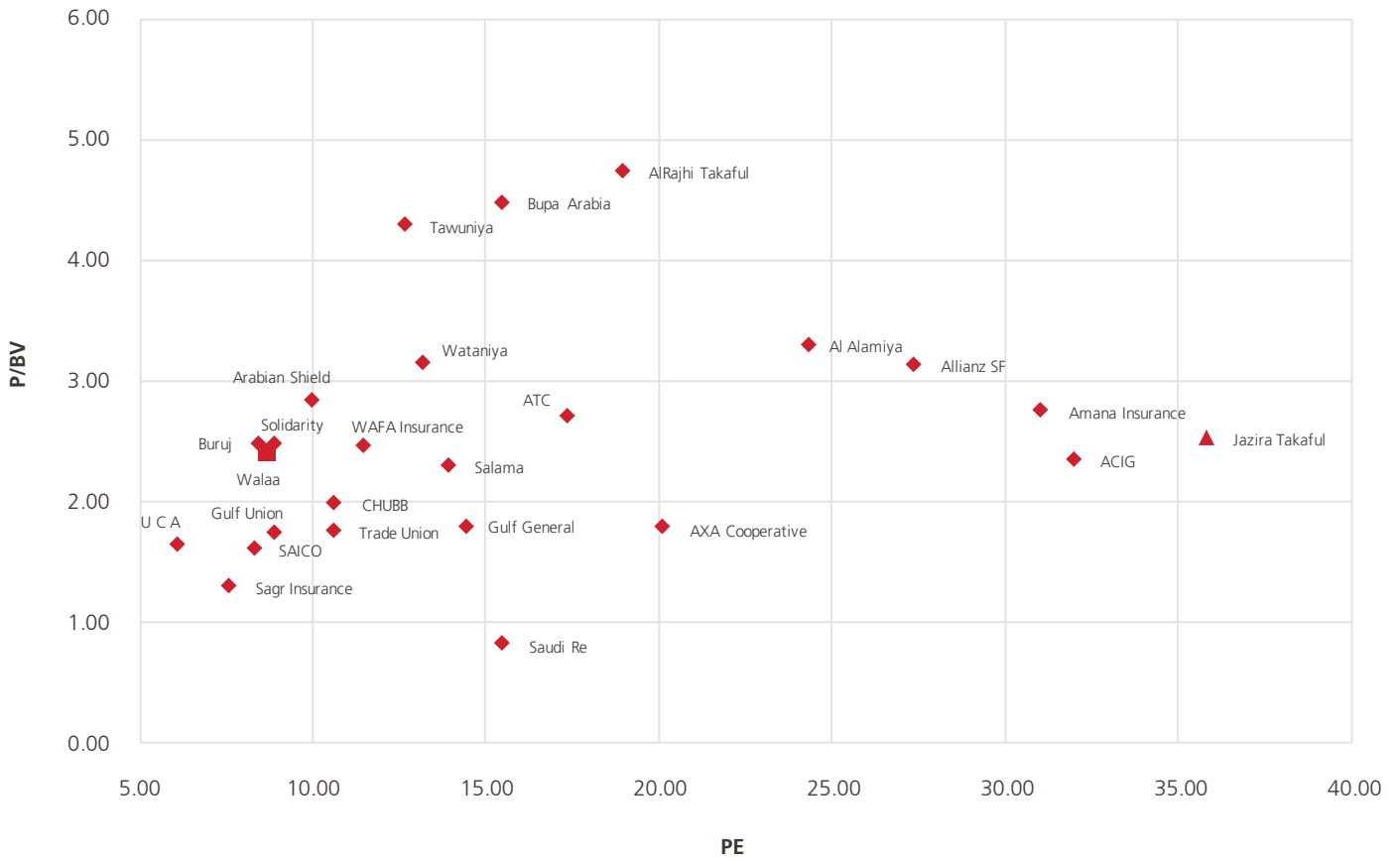
Financial Indicators

Company	Closing Price (15 Aug 2017) (SAR)	Issued Shares (Million)	Free Floating Shares (Million)	Net Income 2016 (Million)	Shareholders Equity (Million)	Market Cap. (SAR mn)	Earning Per Share (SAR)	Price to Equity*	Price to Book Value*
Tawuniya	91.06	125.0	66.71	899.7	2,643.8	11,382.5	7.20	12.65	4.3
METLIFE AIG ANB	20.42	35.0	10.51	-25.1	229.7	714.7	-0.72	-	3.1
Jazira Takaful	28.11	35.0	10.50	27.5	385.9	983.9	0.79	35.80	2.5
MALATH INSURANCE	21.34	12.0	12.00	-148.1	96.4	256.1	-12.34	-	2.7
MEDGULF	12.01	100.0	36.50	-40.6	857.1	1,201.0	-0.41	-	1.4
Allianz SF	36.26	20.0	7.00	26.5	229.9	725.2	1.33	27.38	3.2
Salama	19.08	25.0	17.50	34.2	206.1	477.0	1.37	13.94	2.3
WALAA	28.11	40.0	37.78	129.1	465.0	1,124.4	3.23	8.71	2.4
Arabian Shield	46.89	20.0	13.94	94.2	329.1	937.8	4.71	9.96	2.8
SABB Takaful	26.81	34.0	12.26	10.2	362.0	911.5	0.30	89.28	2.5
SAICO	19.92	25.0	17.30	60.0	306.0	498.0	2.40	8.31	1.6
WAFA Insurance	25.19	12.2	10.36	26.8	124.3	307.3	2.20	11.45	2.5
Gulf Union	17.83	15.0	10.20	30.1	152.5	267.5	2.01	8.88	1.8
ATC	36.51	16.7	8.17	35.0	223.1	608.5	2.10	17.37	2.7
Al-Ahlia	11.32	16.0	15.10	-12.1	103.5	181.1	-0.76	-	1.8
ACIG	15.14	20.0	12.00	9.5	128.3	302.8	0.47	31.97	2.4
AICC	15.77	26.5	17.36	10.4	248.5	417.9	0.39	40.26	1.7
Trade Union	19.86	27.5	18.35	51.6	308.4	546.2	1.88	10.58	1.8
Sagr Insurance	26.74	25.0	17.50	88.1	510.1	668.5	3.52	7.59	1.3
U C A	14.28	49.0	32.08	114.8	423.3	699.7	2.34	6.10	1.7
Saudi Re	6.76	100.0	89.80	43.7	809.2	676.0	0.44	15.49	0.8
Bupa Arabia	115.12	80.0	50.23	594.8	2,049.0	9,209.6	7.44	15.48	4.5
AlRajhi Takaful	54.55	40.0	18.40	115.2	458.6	2,182.0	2.88	18.94	4.8
CHUBB	47	10.0	5.50	44.2	234.3	470.0	4.42	10.63	2.0
AXA Cooperative	20.44	45.0	22.09	45.7	512.0	919.8	1.02	20.12	1.8
Gulf General	17.5	20.0	13.00	24.3	194.1	350.0	1.21	14.42	1.8
Buruj	33.97	25.0	15.93	100.6	341.0	849.3	4.02	8.44	2.5
Al Alamiya	28.65	40.0	12.00	47.2	345.3	1,146.0	1.18	24.31	3.3
Solidarity	18.75	25.0	17.83	52.9	254.5	468.8	2.12	8.87	1.8
Wataniya	31.69	20.0	8.50	48.1	200.2	633.8	2.41	13.17	3.2
Amana Insurance	23.17	14.0	10.99	10.5	117.1	324.4	0.75	31.04	2.8
Enaya	18.01	20.0	14.05	-23.6	164.5	360.2	-1.18	-	2.2
Alinma Tokio M	24.36	30.0	12.68	-8.6	292.2	730.8	-0.29	-	2.5
Insurance Sector	-	1147.9	674.10	2,516.7	14,304.6	41,532.1	2.19	13.73	2.9

Saudi Insurance Sector

P/E and P/BV for Insurance Companies

In terms of profit, 27 companies in the insurance sector generated profits during Q1 2017. The following figure reflects the valuation levels of these companies* based on P/E and P/BV**:



* Excluding the companies with very inflated multiples.

** Closing prices of August 15, 2017.

Saudi Insurance Sector

Insurance Premiums Breakdown

Insurance Premiums Breakdown

Company	Gross Written Premium (SAR million)			Net Written Premium (SAR million)			Net Earned Premium (SAR million)			Net Claims Incurred (SAR million)			Retention Ratio		Claims Ratio	
	Q1 2016	Q1 2017	Growth	Q1 2016	Q1 2017	Growth	Q1 2016	Q1 2017	Growth	Q1 2016	Q1 2017	Growth	Q1 2016	Q1 2017	Q1 2016	Q1 2017
Tawuniya	1,701	2,019	18.7%	1,581	1,876	18.7%	1,623	1,760	8.5%	1,268	1,408	11.1%	92.9%	92.9%	78.1%	80.0%
METLIFE AIG ANB	55	103	87.9%	41	88	112.2%	29	47	61.8%	22	38	76.1%	75.1%	84.8%	75.0%	81.6%
Jazira Takaful	12	13	6.9%	3	2	(19.6%)	6	7	17.5%	1	1	(31.9%)	23.6%	17.8%	16.0%	9.3%
Malath Insuranc	1,186	448	(62.3%)	726	422	(41.9%)	347	203	(41.5%)	292	200	(31.6%)	61.2%	94.2%	84.3%	98.6%
MEDGULF	1,234	784	(36.4%)	1,075	687	(36.1%)	807	616	(23.7%)	674	567	(15.9%)	87.1%	87.7%	83.6%	92.1%
Allianz SF	159	300	88.9%	117	253	116.1%	116	147	26.6%	82	112	37.2%	73.8%	84.4%	70.4%	76.3%
Walaa	262	300	14.4%	200	247	23.9%	134	191	42.0%	83	109	32.4%	76.2%	82.5%	61.5%	57.4%
Arabian Shield	270	240	(11.2%)	158	149	(5.7%)	84	127	50.8%	67	89	33.1%	58.6%	62.3%	79.1%	69.9%
SABB Takaful	46	47	2.1%	37	38	0.8%	43	27	(36.5%)	3	4	25.1%	80.6%	79.6%	7.5%	14.9%
SAICO	342	375	9.5%	195	205	4.9%	134	133	(1.0%)	104	90	(13.3%)	57.0%	54.6%	77.7%	68.0%
WAFA Insurance	200	233	16.6%	171	152	(10.7%)	109	115	6.0%	50	89	79.1%	85.3%	65.3%	45.6%	77.1%
Gulf Union	80	161	102.1%	33	91	180.0%	23	43	86.8%	15	26	75.8%	40.9%	56.6%	65.0%	61.2%
ATC	116	118	1.5%	28	32	14.4%	18	20	11.6%	3	5	59.7%	24.1%	27.1%	17.2%	24.7%
Al-Ahlia	54	46	(14.5%)	48	42	(13.5%)	60	34	(43.3%)	50	21	(58.4%)	89.8%	90.8%	83.0%	61.0%
ACIG	147	82	(44.5%)	130	67	(48.5%)	107	99	(7.3%)	84	72	(14.7%)	88.5%	82.1%	78.6%	72.3%
AICC	132	112	(15.1%)	82	76	(6.9%)	97	69	(28.6%)	68	41	(39.9%)	61.7%	67.7%	70.1%	59.0%
Trade Union	303	229	(24.3%)	236	187	(20.6%)	175	185	5.3%	138	137	(1.0%)	77.9%	81.8%	78.9%	74.2%
Sagr Insurance	69	93	33.6%	59	82	38.7%	200	28	(86.2%)	86	18	(79.4%)	84.9%	88.2%	43.0%	63.9%
U C A	348	109	(68.7%)	154	20	(86.7%)	189	58	(69.2%)	153	4	(97.1%)	44.2%	18.7%	81.0%	7.6%
Bupa Arabia	2,446	2,253	(7.9%)	2,434	2,236	(8.1%)	1,882	1,876	(0.3%)	1,604	1,669	4.0%	99.5%	99.3%	85.2%	88.9%
AlRajhi Takaful	533	1,107	107.7%	501	1,076	114.8%	325	627	92.9%	271	541	99.4%	94.0%	97.2%	83.4%	86.2%
CHUBB	81	84	4.7%	49	48	(1.0%)	28	24	(14.2%)	17	9	(48.0%)	60.5%	57.1%	59.4%	36.0%
AXA Cooperative	451	721	60.0%	431	597	38.7%	253	308	21.8%	207	253	21.9%	95.5%	82.8%	81.9%	81.9%
Gulf General	118	82	(30.5%)	61	40	(35.1%)	37	24	(34.6%)	23	14	(39.5%)	52.2%	48.8%	62.5%	57.8%
Buruj	126	177	40.1%	116	166	43.1%	99	105	6.4%	64	64	0.0%	92.1%	94.1%	65.3%	61.4%
Al Alamiya	109	86	(20.8%)	62	59	(5.0%)	61	33	(46.1%)	30	7	(76.0%)	56.5%	67.9%	48.9%	21.8%
Solidarity	98	36	(63.3%)	88	31	(64.7%)	61	50	(18.5%)	29	22	(23.8%)	90.1%	86.6%	47.3%	44.2%
Wataniya	220	266	21.1%	99	137	39.1%	64	72	11.6%	45	42	(7.7%)	44.9%	51.6%	70.7%	58.5%
Amana Insurance	71	23	(67.6%)	49	9	(81.6%)	87	18	(79.0%)	52	16	(68.7%)	68.9%	39.1%	60.4%	90.0%
Enaya	31	49	58.2%	19	48	156.5%	12	30	154.8%	10	20	94.7%	60.2%	97.6%	86.2%	65.9%
Alinma Tokio M	164	104	(36.7%)	65	72	10.8%	24	31	31.4%	19	18	(3.4%)	39.4%	69.0%	79.1%	58.1%
Total	11,306	11,028	(2.5%)	9,181	9,454	3.0%	7,329	7,255	(1.0%)	5,689	5,811	2.1%	2.1%	85.7%	77.6%	80.1%

Saudi Insurance Sector

Retention Ratio Breakdown - Q1 2017

Retention Ratio Breakdown

Company	Health Insurance	Vehicle Insurance	General Insurance	Overall
Tawuniya	99.5%	100.0%	39.5%	92.9%
METLIFE AIG ANB	97.5%	96.9%	14.5%	84.8%
Jazira Takaful				17.8%
Malath Insurance	100.0%	100.0%	8.5%	94.2%
MEDGULF	100.0%	70.7%	23.1%	87.7%
Allianz SF	48.8%	99.4%	32.0%	84.4%
Salama	98.3%	98.4%	23.8%	95.6%
Walaa	97.3%	99.5%	16.1%	82.5%
Arabian Shield	100.0%	50.6%	8.8%	62.3%
SABB Takaful			15.8%	79.6%
SAICO	93.2%	98.6%	4.8%	54.6%
WAFA Insurance	66.0%	73.5%	7.3%	65.3%
Gulf Union	80.7%	59.6%	25.3%	56.6%
ATC				27.1%
Al-Ahlia	92.4%	98.5%	74.3%	90.8%
ACIG	73.0%	97.9%	35.2%	82.1%
AICC	63.5%	97.2%	22.6%	67.7%
Trade Union	70.4%	96.4%	21.3%	81.8%
Sagr Insurance	91.9%	96.1%	27.3%	88.2%
U C A	53.2%	47.0%	9.1%	18.7%
Bupa Arabia	99.3%			99.3%
AlRajhi Takaful	99.7%	99.6%	32.6%	97.2%
CHUBB		97.7%	27.6%	57.1%
AXA Cooperative	102.2%	81.1%	68.4%	82.8%
Gulf General	38.4%	79.1%	23.1%	48.8%
Buruj	99.5%	99.3%	34.7%	94.1%
Al Alamiya	1290.0%	96.8%	18.1%	67.9%
Solidarity	97.5%	95.6%	29.6%	86.6%
Wataniya		89.2%	8.7%	51.6%
Amana Insurance	100.0%	39.4%	36.3%	39.1%
Enaya	97.6%			97.6%
Alinma Tokio M		96.6%	10.4%	69.0%
Sector	97.6%	78.6%	31.8%	80.1%

Saudi Insurance Sector

Definitions

Gross Written Premium:

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 Written Premium:

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

Net Earned Premium :

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.

Net Claims Paid:

Total amount of paid liabilities for a policy over a given valuation period minus reinsurers share.

Net Claims Incurred:

Net claims paid 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.

Albilad Capital

Client Services

E-mail: clientservices@albilad-capital.com

Tel: +966-11-203-9888

Toll-free: 800-116-0001

Research & Advisory

E-mail: research@albilad-capital.com

Tel: +966-11-290-6520

Website: www.albilad-capital.com/

Asset Management

E-mail: abiccasset@albilad-capital.com

Tel: +966-11-290-6280

Brokerage

E-mail: abiccctu@albilad-capital.com

Tel: +966-11-290-6230

Investment Banking

E-mail: investmentbanking@albilad-capital.com

Tel: +966-11-290-6256

Disclaimer

Albilad Capital exerted utmost efforts to ensure that the information included in this report is accurate and correct. However, Albilad Capital, its managers, and staff bear no liability whether explicitly or implicitly for the content of the report and no legal responsibility, whether directly or indirectly, for any results based on it.

This report should not be reproduced, redistributed, or sent directly or indirectly to any other party or published in full or in part for any purpose whatsoever without a prior written permission from AlBilad Capital.

We would also like to note that this information in no way constitutes a recommendation to buy or sell banknotes or make any investment decisions.

Any investment act taken by an investor based fully or partially on this report is the complete responsibility of the investor.

This report is not meant to be used or seen as advice or an option or any other measure to be taken in the future. We recommend consulting a qualified investment advisor before investing in these investment tools.

Albilad Capital preserves all rights associated with this report.

CMA Authorization Number 08100-37