

# Public Offering Prospectus For Capital Increase Shares Gulf Insurance Group K.S.C.P

Public Offering of 83,333,333 Ordinary Shares to Existing  
Shareholders  
at an Offer Price of KD 0.600 Per Share



**Issuer**



**Subscription Agent**

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Gulf Insurance Group K.S.C.P (the “**Group**” or “**Company**” or the “**Issuer**”) is a Kuwaiti Public Shareholding Company established on 9 April 1962 with Commercial Registration number 9390 and has been listed on Boursa Kuwait (the “**Boursa**”) since 29 September 1984. At the date of this prospectus (the “**Prospectus**”), the share capital of the Issuer is KD 20,123,913 consisting of 201,239,130 shares with a nominal value of 100 fils each (the “**Existing Shares**”), all of which are fully paid.

The issue consists of the issuance of 83,333,333 ordinary shares (the “**Issue Shares**”) equivalent to a 41.4% increase in the current paid-up capital of the issuing company (the “**Offering**”), at an offering price of 600 Fils (six hundred Kuwaiti fils) per share (the “**Offer Price**”) including 100 fils (one hundred Kuwaiti fils) the nominal value plus 500 fils (five hundred Kuwaiti fils) an issuance premium (hereinafter referred to as “**Offering Shares**” or “**Shares**” or “**Issue Shares**”) with a total nominal value of KD 8,333,333 (eight million three hundred and thirty three thousand three hundred and thirty three Kuwaiti dinars), and an issuance premium of KD 41,666,667 (forty one million six hundred and sixty six thousand and six hundred and sixty seven Kuwaiti dinars).

The shareholders attending the Extraordinary General Meeting held on 7 October 2020, in person or represented by proxy, adopted a resolution to set the Issuer’s authorized share capital at KD 35,000,000. The Board of Directors of the Issuer, by written resolution No. 395 dated 30 March 2021 resolved to increase the issued and paid share capital from KD 20,123,913 to KD 28,457,246 by the issue and allotment of 83,333,333 Issue Shares at the Offer Price. The Board of Directors of the Issuer, by written resolution No. 395 dated 30 March 2021 resolved to call for the subscription in the Issue Shares; the Issuer also obtained the approval of the Capital Markets Authority of the State of Kuwait to increase the capital and Issue Shares pursuant to the decision of the CMA on 6 June 2021 and on this Prospectus on 1 August 2021.

The Offering will commence on 19 August 2021 and will remain open up to, and including 2 September 2021 (the “**Subscription Period**”) and that is during the official working hours specified for receiving subscribers (“**Subscribers**” or “**Investors**” or “**Eligible Shareholders**”) in the Clearing and Depositary Agent’s headquarters or (the designated website, unless the entire Offering is covered before that date, as the Issuer has the right to close Offering Period before the specified expiry date. The Board of Directors has the right to extend the Offering Period at its sole discretion as long as the total extension period does not exceed three (3) months, provided that the approval of the Capital Markets Authority is obtained for such extension.

For the purposes of this Prospectus, the term “business day” means the day on which the Boursa carries out normal trading business, and for the purposes of the subscription process, it must also be the day on which banks open to conduct their public business in the State of Kuwait (except for Fridays and Saturdays), and with the exception of public holidays.

This Prospectus is not considered an offer to sell or soliciting any offer to buy securities in any legal system in which offering or selling is not permitted. In addition, investors’ subscription to any of the securities referred to in this document must be based on the information contained in this Prospectus exclusively.

## Notice

**You are hereby advised to seek the advice of an advisor licensed in accordance with the law and specialized in advising on the content of this prospectus prior to making a decision as to subscription**

This Prospectus has been prepared in accordance with the Kuwait capital markets law no. 7 of 2010 and its executive regulations as amended. This Prospectus has been approved by the Kuwait capital markets authority on 1 August 2021 and this Prospectus was prepared in accordance with the Kuwait capital markets law no. 7 of 2010 and its executive regulations as amended regarding the establishment of the capital markets authority and the regulation of securities activities issued pursuant to the capital markets authority resolution no. (72) of 2015, and their amendments.

The members of the board of directors, whose name appear in the management section of this prospectus, collectively and individually accept full responsibility for the accuracy of all information contained in this prospectus relating to the issuer and the issue shares, and confirm, having made

all reasonable enquires, that to the best of their knowledge and belief, there are no other facts the omission of which would make any statement herein misleading.

The Subscription Agent and the Company accept full responsibility for any inaccuracy of all information and data contained in this prospectus and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no other material facts and information omitted, and that the prospectus has been drafted according to the information and data that correspond to reality.

The legal advisor to the issuer confirms that they have reviewed the prospectus and documents related thereto as provided to them by the issuer, and that to the best of their knowledge and after having made all reasonable inquiries, the prospectus complies with the relevant legal requirements and that the issuer has obtained the required approvals necessary in order for its obligations to be valid and enforceable.

The Kuwait capital markets authority does not take any responsibility for the contents of this prospectus, does not make any representation as to its accuracy or completeness, and expressly disclaims any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of this prospectus.

This prospectus is dated 19 August 2021.

*English translation of the official Arabic language prospectus*

## Important notices and Liability Waiver

**Gulf Insurance Group K.S.C.P** (the “**Group**” or the “**Company**” or the “**Issuer**”), confirms, after raising all reasonable inquiries, that this Prospectus contains all the material and legal information related to the Company's business and shares, which are considered an essential and influential element in the course of the Offering, and that the data contained in this Prospectus are correct, accurate and not misleading. The opinions expressed in this Prospectus have been honestly presented and have been reached after examining all the relevant circumstances and relies on reasonable assumptions made by the company. In addition, there are no other essential facts that have been overlooked in the context of this Offering or any statement contained in this Prospectus that is misleading in any material or influential way, and all reasonable inquiries have been raised by the Company to verify these essential facts and to verify the accuracy of all such material information contained in this Prospectus.

The Company has not authorized the making or provision of any representation or information contained in this Prospectus or as approved for such purpose by the Company. Any such representation or information should not be relied upon as having been authorized by the Company or the Financial Advisor on the cover hereof or any other parties related to them. Also, submitting this Prospectus at any time does not mean that the information contained therein is correct at any later date. Any copying or distribution of this Prospectus, in whole or in part, is prohibited, and any disclosure of its contents or the use of any information contained therein for any purpose other to provide background information about the Company to assist each recipient in making an independent evaluation of the offering and any investment in the Issue Shares, with the exception of that information available to the public in another form. Each Eligible Shareholder agrees to the foregoing by accepting to receive a copy of this Prospectus.

This Prospectus has been provided for use by Eligible Shareholders only to review the Offering. Eligible Shareholders interested in the Offering should read this Prospectus in full. Eligible Shareholders should also read this Prospectus along with the Company's articles of association and its amendments. This Prospectus is not intended to be the only document that Eligible Shareholders should rely on in reaching an investment decision; The Eligible Shareholders must rely on the due diligence they themselves conduct on the Company and the terms of the Offering, including the risks involved in this Offering, in order to reach an investment decision. No part of this Prospectus represents financial, tax, or legal advice to any Eligible Shareholders.

Notwithstanding the foregoing, this Prospectus does not represent, nor should it be construed as, an offer or solicitation (nor should it be used for those purposes) by any person in any legal system that does not permit such offer or solicitation, or the person to whom that offer or solicitation is submitted is not qualified to subscribe to the Offering or receive this Prospectus, or to any person for whom such offer or solicitation is illegal or unauthorized.

The Company, its officials, directors, shareholders, partners, agents, employees, accountants, lawyers, or advisors do not make any commitment or guarantee, express or implied, with regard to the accuracy or completeness of the information contained in this Prospectus. The Company, its officials, directors, shareholders, partners, agents, employees, accountants, lawyers, and advisors disclaim their responsibility, in any way, for any information or on the basis of any information or what is related to any information in this Prospectus, including but not limited to, any information contained in this Prospectus, or errors or omissions in it, or information inferred from it, or based on or in connection with the use of this Prospectus by Eligible Shareholders. This Prospectus is not regarded as a recommendation on the part of the Company, the Advisor or any of their advisors or affiliates to participate in the Offering, no should Eligible Shareholders depend on this prospectus or any part of it in any way in relation to the process of purchasing shares, and this Prospectus does not and will not represent any form of commitment on the part of the Company to proceed with the Offering.

While the Company has made all reasonable enquiries as to the accuracy of the information contained in this Prospectus as at the date hereof, certain portions of the market and industry information herein are derived from external sources, and while neither the Company, the Advisor, nor their respective advisors have any reason to believe that any of the market and industry information is materially

inaccurate, such information has not been independently verified and no representation is made with respect to the accuracy or completeness of any of this information.

The Eligible Shareholders shall base their investment decision on the due diligence examination conducted by themselves of the Company and the terms of this Offering submitted through this Prospectus, including the advantages and risks involved in this Offering. Likewise, it has not been recommended to subscribe to the Offering by any Kuwaiti regulatory authority or agency. In addition, the previous authorities have not confirmed the accuracy or adequacy of this Prospectus.

Subscribing for the Offering involves some risk, as set out in the section of this Prospectus entitled "Risk Factors". This Prospectus is provided for information purposes only, it is not intended, nor should it be taken, as a basis in order to reach an investment decision. Eligible Shareholders are not to construe the contents of this document as constituting tax, investment or legal advice. Prior to subscribing to the Offering, an Eligible Shareholder should consult a financial advisor, her or its own legal, business and tax advisors determine the appropriateness and consequences of an investment in the Offering for such investor and arrive at an independent evaluation of such investment. The sole purpose of this document is to provide background information about the Company to assist each recipient in making an independent evaluation of the offering and any investment in the Offering.

This Prospectus contains material information related to the Company, and is based on the reasonable opinions of the Company's management and expectations based on some assumptions related to the general trends of the economy of Kuwait and the Middle East, in addition to other factors.

When used in this document, the words "expects", "sees", "speculates", "estimates", "intends", "will", "tolerates", and other words or phrases of similar meaning in this Prospectus in relation to the Company, they are intended to indicate that these sentences are forward looking. These sentences also reflect the current risks, uncertainties and assumptions related to some factors that include but are not limited to competitive factors, general economic conditions, market conditions, one-time events, and other factors described in the description in this Prospectus, especially in the "Risk Factors" section. Depending on the changing circumstances and the possibility of changing circumstances, if one or more of these risks or uncertainties are realized, or if any basic assumption is proven incorrect, the actual results may differ substantially from what is mentioned in this Prospectus as was expected, probable, believed, predicted or estimated outcome. The Company does not update any of the information contained in this Prospectus, including any forward-looking data.

As a result of the amendments made to the numbers in this prospectus by rounding them up or down to the nearest whole, the numbers and/or percentages mentioned in this Prospectus may not lead to the net total.

All current shareholders must carefully review the information provided in this Prospectus, especially "Risk Factors" section below, in order to view a description of some of the risks associated with investing in the Company (including the risk of the total loss of their investment) and if any Eligible Shareholder has any doubts about the contents of this Prospectus, they should seek independent professional financial advice.

Please note that all investments carry different levels of risk, and the value of your investment may decrease or increase.

### **The Role of KPMG Consulting WLL**

KPMG Consulting WLL provided valuation services to the Company as part of the Offering process based on the Company's audited financial statements for the years 2019 and 2020. Accordingly, the evaluation report does not include events subsequent to that date.

The evaluation report is based on the financial statements and other information provided by the management. Accordingly, KPMG Consulting WLL is not responsible for the accuracy of the information provided. The accuracy and completeness of this information has not been independently verified by KPMG Consulting WLL. The work of KPMG Consulting WLL does not constitute any audit of the information provided by the management, and therefore no opinion has been expressed regarding such information. KPMG Consulting WLL analyzed the information made available to it and, to the extent

possible, concluded that the information provided is consistent with other information provided to it during its work.

This Prospectus does not include any investment advice directed at any person. KPMG Consulting WLL has not established and will not provide such advice. In all cases, Eligible Shareholders should undertake a special review as well as investigate and analyze business data, financial information, ownership and other relevant information that are described or omitted in this Prospectus. Eligible Shareholders should rely solely on their judgment, review and business analysis, in evaluating the business and any potential investment in it.

#### **Notice**

KPMG Consulting WLL clearly disclaims any and all responsibilities related to or arising from the use of any information or other data contained or not contained in this Prospectus or any other exchanges written or oral or delivered or provided to the investor or any of its subsidiaries or representatives. The information in this Prospectus may be subject to updates, amendments, developments and changes.

#### **Undertaking**

KPMG Consulting WLL does not make any representations or guarantees, whether explicitly or implicitly, regarding the accuracy or completeness of the information contained in this Prospectus or any other written or oral exchanges that were delivered or made to an Eligible Shareholder for the purpose of investing in the Offering, if implemented, and subject to these limitations and restrictions as determined by the final agreements, as it has no legal effect.

## Responsibility statement

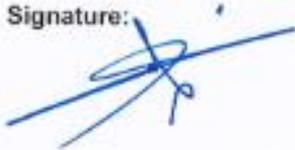
### Individuals responsible for the Prospectus

This Prospectus has been prepared by:

<b>Name:</b>	<b>Title:</b>	<b>Address:</b>
Mr. Khaled Saoud Al Hasan	Board Member & Group CEO	Sharq - Khalid Bin Al Waleed Street - KIPCO Tower - Floor 40

Each of the directors of the issuer, whose names appear herein, accepts responsibility for the information contained in this prospectus. To the best of the knowledge and belief of the directors, who have taken all reasonable care and conducted a full and detailed due diligence to ensure that such is the case: (i) the information contained in this prospectus is complete, accurate and correct, (ii) all information relating to the securities and to the issuer have been disclosed to the investors, so that the investors could take a decision as to whether or not to subscribe to the issue shares, and (iii) that all the relevant provisions relating to the securities as provided for in law no.1 of 2016 issuing the companies law and its executive regulations, law no. 7 of 2010 regarding the establishment of the capital markets authority and regulating securities activities and its executive regulations in accordance with Capital Markets Authority Decision No. (72) of 2015, as amended and the regulations and instructions issued by the capital markets authority, have been complied with.

On behalf of the Board of Directors of the Issuer

<b>Name:</b>	<b>Title:</b>	<b>Signature:</b>
Mr. Khaled Saoud Al Hasan	Board Member & Group CEO	

## Forecasts and future data

Certain statements contained in this prospectus may indicate a forward-looking outlook without being binding on the Company. Future statements include data related to the Company's plans, goals, objectives, strategies, future operations and future performance, as well as the assumptions that those future statements involve.

Forward looking statements include statements concerning the Issuer's plans, objectives, goals, strategies, future operations and performance and the assumptions underlying these forward looking statements. When used in this document, the words "anticipates", "estimates", "expects", "believes", "intends", "plans", "aims", "seeks", "may", "will", "should" and any of its derived expressions or any similar expressions generally identify forward looking statements. The Issuer has based these forward-looking statements on the current view of the Issuer's management with respect to future events and financial performance. Although the Issuer believes that the expectations, estimates and projections reflected in the Issuer's forward looking statements are reasonable as of the date of this Prospectus, if one or more of the risks or uncertainties materialize, including those which the Issuer has identified in this Prospectus and those which the Issuer could not reasonably identify, or if any of the Issuer's underlying assumptions prove to be incomplete or inaccurate, the Issuer's actual results of operation may vary from those expected, estimated or predicted without any liability on the Issuer. These forward-looking statements speak only as at the date of this Prospectus. Without prejudice to any requirements under applicable laws and regulations, the Issuer expressly disclaims any binding obligation or undertaking to achieve or fulfill any of the objectives or results contained in any of the expectations, estimations or predictions and to disseminate after the date of this Prospectus any updates or revisions to any forward looking statements contained herein to reflect any change in expectations, estimations or predictions thereof or any change in events, conditions or circumstances on which any such forward looking statement is based.

Expectations and future statements are subject to risk factors, instability and assumptions that could cause actual results to differ materially from the expected results. Important factors that could cause actual results to differ materially from our expectations, include but are not limited to, the following:

- Economic conditions and general business activity in Kuwait and other countries.
- The Company's ability to implement its strategy, achieve its growth and expansion, its technical changes, its exposure to market risks that have an impact on its business activity and its investments.
- A change in the tax and monetary systems in Kuwait, including inflation and the high cost of living, fluctuations in interest rates, stock prices or other prices and fees, the performance of capital markets in Kuwait and internationally, changes in local and international laws and regulations, imposition of taxes and a change in the framework of competition in the Company's industry.
- A change in the value of the Kuwaiti dinar and other currencies.
- The occurrence of natural disasters and disturbances.
- A change in the political and social conditions in Kuwait.
- Loss or stoppage of the Company's activity due to a labor strike or labor unrest.
- Failure to maintain the main employees and workers in the Company.
- The Company's ability to adapt to technological changes.

Therefore, Eligible Shareholders should carefully review the "Risk Factors" section to assess the risks involved. Due to their nature, some of the disclosures about market risk are only estimates that may differ significantly from future results. Consequently, actual profits or losses may differ materially from expectations. The Company is not obligated to update or review any data that contains information received after the date of this Prospectus, or to record the occurrence of any cases, even if none of the assumptions mentioned in this Prospectus have been implemented or fulfilled.

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## 1. Key Terms of the Offering

This section intends to provide a brief overview of the information contained in this Prospectus and does not contain all the information that may be of interest to the subscribers. Accordingly, recipients should read the entire Prospectus before making an investment decision with respect to the Offering.

The terms in italics that are not specifically defined in this Key Terms summary bear the meanings indicated in the “Terms and Conditions and Instructions of the Subscription and the Details of the Offering” section of this Prospectus.

<b>The Issuer</b>	Gulf Insurance Group K.S.C.P
<b>Issuer’s Address</b>	Sharq - Khalid Bin Al Waleed Street - KIPCO Tower - 40th Floor
<b>Date of Incorporation</b>	9 April 1962
<b>Date of Listing on Bursa Kuwait</b>	29 September 1984
<b>Nature of Offering</b>	Ordinary shares

The increase in the issued and paid-up capital of the Issuer has been approved in accordance with the decision of the Issuer’s Board of Directors made on March 30, 2021 and based on the decision of the Extraordinary General Assembly held on October 7, 2020. The Issuer’s authorized capital is determined at an amount of 35,000,000 Kuwaiti Dinars and authorizes the Board of Directors to decide on the increase of the issued and paid-up capital in several installments or one payment within the limits of the authorized capital. The Issuer’s capital increase was registered in the Issuer’s commercial register with the Ministry of Commerce and Industry and the approval of the Capital Markets Authority in the State of Kuwait was obtained for the capital increase and the issuance of shares on 6 June 2021 and on this final subscription Prospectus on 1 August 2021.

<b>Subscription Period</b>	The Offering will commence on 19 August 2021 and will remain open up to and including 2 September 2021 (the “ <b>Subscription Period</b> ”) and that is during the official working hours specified for receiving the Subscribers at the Clearing and Depository Agent’s offices (or via the allocated subscription website), unless the entire Offering is covered before that date, as the Issuer has the right to close the Subscription Period before the specified expiry date. The Board of Directors has the right to extend the Subscription Period at its sole discretion as long as the total extension period does not exceed three (3) months, provided that the approval of the Capital Markets Authority is obtained for such extension.
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<b>The Period Of Disposal Of The Pre-Emption Rights</b>	The period of disposal of the Pre-Emption Rights starts from the date of opening the Subscription Period until at least five Business Days before the closing of the Subscription Period.
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<b>Issuer's authorized capital immediately prior to the Offering</b>	KD 35,000,000
<b>Issuer's issued and paid-up capital immediately prior to the Offering</b>	KD 20,123,913 divided into 201,239,130 shares the value of each share is one hundred fils, and all the cash shares are fully paid.
<b>In-Kind Shares</b>	None
<b>Subscription Price</b>	KD 0.600 (six hundred fils) per share (the " <b>Offer Price</b> ") which includes the 100 fils nominal value plus 500 fils issuance premium value.
<b>Nominal Value</b>	100 Kuwaiti fils per Issue Share (one hundred Kuwaiti fils)
<b>Issuance Premium</b>	500 Kuwaiti fils per Issue Share (five hundred Kuwaiti fils)
<b>Pre-Emption Rights Price</b>	The reference price of the Pre-Emption Right is determined on the first day of the trading of the Pre-Emption Rights according to the formula of: (last closing trading price of the Share prior to the commencement of the trading of the Pre-Emption right (-minus) the Offer Price). The Pre-Emption Right Price may vary during the Subscription Period.
<b>Number and type of Issue Shares</b>	83,333,333 ordinary shares representing approximately 41.4% of the Issuer's existing issued share capital.
<b>Priority Subscription</b>	The Issuer and the regulatory authorities agreed to increase the Issuer's current issued and paid-up capital by KD 8,333,333, with a value of 600 Kuwaiti fils per Share including 100 fils nominal value plus 500 fils issuance premium, which shall be allocated to the shareholders registered in the Issuer's shareholder registry on the Record Date (" <b>Eligible Shareholders</b> ") in proportion to their share ownership in the Issuer's capital, and to the holders of the Pre-Emption Rights to subscribe the to Issue Shares (" <b>Pre-Emption Rights</b> ") during the Subscription Period as set forth in this Prospectus or resolved upon by the Board of Directors of the Company according to the applicable rules. In the event that the Eligible Shareholder does not subscribe, it is deemed a waiver of his Pre-Emption Right to subscribe to the Shares of the capital increase for the benefit of existing or new shareholders. The Company's Extraordinary General Assembly, in accordance with its decision issued on October 7, 2020, authorized the Company's Board of Directors to approve the allocation of the subscription surplus to new shareholders, and to dispose of fractional shares (if any) in the manner it deems appropriate in accordance with the provisions of the law. The holders of the Pre-Emption Rights may assign this right during the Subscription Period to the Company's shareholders or others, with or without consideration, and the assignment may be in all or some of the shares of the increase that each of them is entitled to subscribe to.

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**Surplus Subscription**

Offering Shares are allocated to Eligible Shareholders who have applied for subscription to a number of Offering Shares in proportion to their respective holdings in the Issuer's share capital. In the event that the Eligible Shareholder does not subscribe, sell or waive the Pre-Emption Rights to subscribe, it is considered a waiver of the Pre-Emption Right in subscribing to the Offering Shares in favor of other Eligible Shareholders who wish to subscribe to a number of shares exceeding the percentage allocated to each of them and the holders of the Pre-Emption Rights may sell these rights in Boursa Kuwait until at least five Business Days prior to the closing of the Subscription Period and they are also entitled to assign it without any consideration at the Clearing and Depository Agent during the Subscription Period to other shareholders of the Company or to others until at least five Business Days prior to the closing of the Subscription Period in accordance with the rules and procedures in force at each of the Boursa Kuwait and the Kuwait Clearing Company, according to what is set forth in this Prospectus.

In the event of failure to fully subscribe to the Offering Shares, the remaining unsubscribed Offering Shares, if any, shall be allocated to the Eligible Shareholders who have applied for subscription with an additional number of Offering Shares exceeding the number allocated to them, in accordance with the applicable rules in this regard. The number of shares allocated will be rounded to the nearest whole number and the Issuer has the absolute right to dispose of the fractional shares, if any, without the possibility of issuing fractional shares.

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**Disposal of the Preemption Rights**

The Pre-Emption Rights may be disposed by trading or assignment without consideration and without any restriction and according to the applicable rules at Boursa Kuwait and the Kuwait Clearing Company respectively. The approval of this prospectus constitutes an approval for the listing and trading of the Pre-emption Rights during the Subscription Period. The listing is canceled when the Issuer discloses the results of the Offering.

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**Timeline for listing and trading the Preemption Rights**

The Pre-Emption Rights will be listed and traded from the date of opening the Subscription Period and until at least five Business Days before the closing of the Subscription Period, and the timetable will be from 19 August 2021 to 26 August 2021.

<b>Allocation of Issue Shares</b>	The Offering Shares are allocated between the Eligible Shareholders and those to whom the Pre-emption Rights have been transferred, who have applied for subscription in a number of the Offering Shares in proportion to their respective holdings in the share capital of the Issuer as on the Record Date. The surplus of any unsubscribed shares, in excess of the Pre-Emption Rights, which may result from the failure of some shareholders to exercise the Pre-Emption Right, will be allocated to the Subscribers who wish to subscribe to more shares than the percentage allocated to each of them, in accordance with the applicable rules in this regard.
<b>Record date</b>	18 August 2021
<b>Minimum Subscription</b>	1 Share
<b>Total value of the Offering</b>	A total nominal value of 8,333,333 Kuwaiti Dinars of an issuance premium of KD 41,666,667 and a total value after adding the issuance premium of 50,000,000 Kuwaiti Dinars.
<b>Use of Proceeds</b>	The proceeds of the Offering will be used to continue the general activities of the Company and to improve the Company's operating capital, to achieve growth in the revenues of the issuing company, and to implement its plans, regulatory requirements, and future goals. In addition to covering the Offering Expenses and some of the expenses involved in the process of increasing the Company's capital.
<b>Offering Fees</b>	Shares will not be charged subscription fees as the Issuer will bears all issuance costs.
<b>Offering Costs</b>	It is expected that the total costs of the issuance, including the fees of the Subscription Agent, the Clearing and Depository Agent, the Legal Advisor of the Issuer, the marketing costs, printing the Prospectus, and other costs and expenses related to the issue, are expected to reach a maximum of KD 150,000 (One- Hundred fifty thousand Kuwaiti dinars).
<b>Refund of Surplus Subscription Amount</b>	The value of the subscription will be paid by the subscribers during the Subscription Period and before the closing date of the Subscription Period, and if there is any surplus in the sums that the Subscribers will transfer to the subscription account, these amounts will be refunded within a period not exceeding five (5) business days from the date of the allocation of shares without interest.
<b>Summary of 2018 financial statements As on December 31, 2018</b>	Assets: 567.1 million Kuwaiti dinars Paid in Capital: 18.7 Million Kuwaiti Dinars Shareholders' Equity: 112.4 million Kuwaiti dinars Liabilities: 454.7 million Kuwaiti dinars

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**Summary of 2019 financial statements**  
**As on December 31, 2019**

Assets: 763.2 million Kuwaiti dinars  
Paid in Capital: 18.7 Million Kuwaiti Dinars  
Shareholders' Equity: 134.8 million Kuwaiti dinars  
Liabilities: 628.3 million Kuwaiti dinars

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**Summary of 2020 financial statements**  
**As on December 31, 2020**

Assets: 800.7 million Kuwaiti dinars  
Paid in Capital: 18.7 Million Kuwaiti Dinars  
Shareholders' Equity: 145.3 million Kuwaiti dinars  
Liabilities: 655.4 million Kuwaiti dinars

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**Previous Securities Issues**

Type of Issuance	Year	Date of registration at commercial registrar	Number of shares issued	Total value of issuance (KWD)	Net value of issuance (including nominal value and issuance premium) (KWD)
<i>Capital at Incorporation</i>	1962	7 April 1962	100,000	800,000	800,000
<i>Bonus Shares</i>	2010	7 October 2010	59,650,000	5,965,000	5,965,000
<i>Bonus Shares</i>	2011	15 September 2011	8,482,250	848,250	848,250
<i>Bonus Shares</i>	2012	13 May 2012	8,906,630	890,663	890,663
<i>Ordinary Shares</i>	2021	7 February 2021	14,200,000	1,420,000	7,100,000

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Date of the Extraordinary General Assembly decision to approve the authorized capital increase 7 October 2020

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**Subscription Agent**

Kamco Investment Company K.S.C.P. (Kamco Invest)

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**Subscription Agent Address**

Sharq- Khalid Bin Al Waleed Street, Al-Shaheed Tower  
P.O. Box 28873, Safat, 13149  
Kuwait

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**Clearing and Depository Agent**

Kuwait Clearing Company K.S.C  
Ibn Mesbah Street, Ahmed Tower, Floor 5  
P.O Box 22077, 13081 Safat  
www.maqasa.com

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**Business Day**

Any day on which the Boursa Kuwait carries out normal trading business, and for the purposes of the subscription process, it must also be the day on which banks open to conduct their public business in the State of Kuwait, with the exception of Fridays and Saturdays and public holidays.

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Legal Advisors	Meysan Partners Attorneys and Legal Consultants P.O. Box 298, Safat 13003 Al Hamra Tower, 17th Floor, Al Shuhada Street, Sharq, Kuwait
Law	Laws of the State of Kuwait
Courts	Courts of the State of Kuwait
Board Members of Issuer	Farqad Abdullah Al-Sane (Chairman) Faisal Hamad Al-Ayyar (Vice Chairman) Khaled Saoud Al Hasan (Member & CEO) Abdulaziz Saoud Al Fulajj (Member) Abdullah Mohammed Al Mansour (Member) Bijan Khosrowshahi (Member) Robert Quinn McLean (Member) Jean Cloutier (Member) Abdul Ilah Mohammed Rafie Marafie (Member) Sheikha\ Dana Nasser Sabah Al Ahmed Al Sabah (Member)

## Details of the Terms and Conditions and Instructions of the Subscription and the Details of the Offering

### Issue Shares

The Issuer is offering 83,333,333 ordinary shares representing approximately 41.4% of the Issuer's existing issued share capital amounting to 20,123,913 Kuwaiti Dinars divided into 201,239,130 shares.

### Offering Price per Issue Share

The issue will have a price of 600 fils per Issue Share, reflecting the nominal value of 100 fils per Issue Share and the issuance premium of 500 fils per Issue Share. A total nominal value of 8,333,333 Kuwaiti Dinars and a total value after adding the issuance premium of 50,000,000 Kuwaiti Dinars.

### Issuance Premium Calculation

The Issuer's Board of Directors approved the Offering Price to be 600 fils on 30 March 2021, i.e. 500 Kuwaiti fils above the nominal value, based on a Valuation Report (the "**Valuation Report**") prepared by an independent asset valuer's licensed by the Capital Market Authority (KPMG Advisory W.L.L.) to assess the fair value of its shares in relation to the Offering.

The independent Valuation Report was prepared as at 31 December 2020 (the "**Valuation Date**") and it was provided to the Capital Markets Authority.

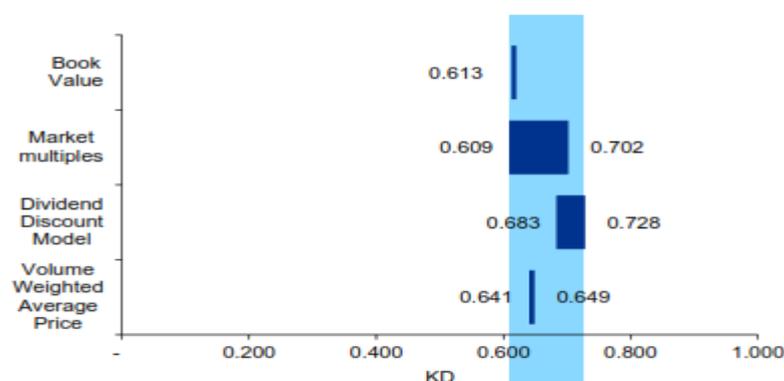
According to the Valuation Report, the valuation range for the Issuer is between 609 fils per share to 728 fils per share. The Offering price offers a 11.5% discount to the valuation range midpoint, so that the discount is not large and at the same time attracts shareholders to subscribe to increasing the company's capital, which is a factor in the interest of shareholders and strengthens their participation in increasing the capital.

It should be noted that several valuation methods have been used to derive the valuation range, including dividends discount model, relative valuation based on Price to Book Value multiples and volume weighted average price based on the audited financial statements of the Issuer and information available in the public domain from reliable third-party sources.

These methods are summarized as follows:

1. Dividends Discount Model ("**DDM**")
2. Relative valuation based on Price to Book Value ("**P/BV**") multiples
3. Volume Weighted Average Price ("**VWAP**")

### Valuation Summary



- Despite the Company being listed on Bursa Kuwait, the shares are not actively traded. Due to its low volumes and limited transactions, the indicative valuation using volume weighted average price might not represent the fair value of GIG's stock.

- The market multiples and dividend discount model approaches appear to be more suitable in determining the fair value of the Company.
- Based on the above analysis, the valuation range for GIG ranges between KD 0.609 and KD 0.728 per share as at 31 December 2020. Accordingly, the average per share value is estimated at KD 0.669 per share as at 31 December 2020.

### **Pre-Emption Rights**

The Issuer and the regulatory authorities agreed to increase the Issuer's current issued and paid-up capital from KD 20,123,913, divided into 201,239,130 shares, to KD 28,457,246, an increase of KD 8,333,333 distributed among 83,333,333 ordinary shares, with a value of 600 Kuwaiti fils per Share including 100 fils nominal value plus 500 fils issuance premium, which shall be allocated to the shareholders registered in the Issuer's shareholder registry on the Record Date in proportion to their share ownership in the Issuer's capital and to the holders of the Pre-Emption right (herein referred to, with the Eligible Shareholders as the "**Subscribers**") during the Subscription Period mentioned in this Prospectus and in accordance with the relevant laws. The Subscriber will subscribe via [www.ipo.com.kw](http://www.ipo.com.kw) (the "**Website**") by entering their Trading Account Number registered with the Kuwait Clearing Agency ("**KCC**") and the civil identification for individual subscribers and commercial registration number for corporate subscribers. The Website shall verify whether the Subscriber is eligible to the Subscription or not. In the event that the Eligible Shareholder does not subscribe, sell or waive the Pre-Emption Rights to subscribe, it is considered a waiver of his Pre-Emption Right to subscribe to the shares of the capital increase for the benefit of existing or new shareholders. The Company's Extraordinary General Assembly, in accordance with its decision issued on October 7, 2020, authorized the Company's Board of Directors to approve to approve the right of current shareholders, to subscribe to surplus shares that the Eligible Shareholders did not subscribe to, and to dispose of the fractional shares (if found) in the manner it deems appropriate in accordance with the provisions of the law. The holders of the Pre-Emption Rights to subscribe to the Shares may waive this right during the Subscription Period to the benefit of other Eligible Shareholders or to others, with or without consideration. The waiver shall be in all or some of the Preemption Rights related to the Offering Shares that each of them is entitled to subscribe for, in accordance with the rules and the procedures applicable at Boursa Kuwait and at the Kuwait Clearing Company, and according to what is set forth in this Prospectus.

### **Convertibility of Issue Shares**

The Issue Shares cannot be converted into another form of securities.

### **Tradability of the Issue Shares and Pre-Emption Rights**

After the end of the Subscription Period and the final allocation of Shares and the completion of all the necessary regulatory procedures, the Issue Shares will be traded on Boursa Kuwait without restriction and will be in the same rank of all the shares of the Issuer, and without any differences. The Pre-Emption Rights may be traded without restriction in accordance with the applicable rules at Boursa Kuwait and Kuwait Clearing Company. The approval of this Prospectus constitutes an approval for the listing and trading of the Pre-Emption Rights during the Subscription Period and the listing is canceled when the Company discloses the results of the subscription in the Offering.

### **Voting Rights of the Issue Shares**

Each share of the Offering has one vote, and every shareholder has the right to attend and vote in the general assembly. None of the shareholders have premium voting rights or rights to dividends. Upon issuance of the Offering, the subscribed shareholder has the right to participate in the general assembly meetings of the Issuer and to receive their share of dividends whenever it is announced by the Issuer. Shareholders are also entitled to a share of the proceeds from the liquidation of the Issuer's assets upon liquidation, after all Company debts.

### **Short-Term Earnings Per Share**

Earnings per share for the year ended December 31, 2020 amounted to 85.4 fils per share. Earnings per share for the three months ending 31 March 2021 is 27.4 fils per share and for the six months

ending 30 June 2021 is 58.7 fils per share. The estimated average of the profit of the share before the Offering for the nine months ended 30 September 2021 is 112.7 fils per share and 132.9 fils per share for the period ended 31 December 2021. The estimated average of the profit per share after the Offering is 93.9 fils per share.

### **Eligible Shareholders Who do Not Subscribe to the Issue Shares**

Eligible Shareholders who do not subscribe to the Issue Shares (“**Non-Participating Shareholders**”) shall be subject to a reduction in the proportion of their equity in the Issuer as well as a reduction in the value of their Existing Shares.

In all cases where the Offering is not fully subscribed during the Subscription Period, the Board of Directors of the Issuer may extend the Subscription Period. If the entire Offering is not fully subscribed for during the original Subscription Period and during the subsequent extensions, then the Board of Directors of the Issuer may either (1) cancel the Offering or (2) announce its satisfaction with the amount that has been subscribed for at the end of the Subscription Period. The Subscribers shall revoke their subscription in the Issue Shares unless in accordance with the law. In the event of cancellation of the Offering, the holders of the Preemption Rights will not be able to exercise their Preemption Rights in respect of the Issue Shares entitlements based on their rights which may cause the purchaser of a Preemption Right to forfeit the purchase price of the Preemption Right without any recourse against the Company, the Clearing and Depository Agent or against the Subscription Agent for any claim or compensation.

### **Methods of Disposal of the Issue Shares and the Pre-Emption Rights**

Subscribers may resort to the following actions:

- Potential Subscribers may exercise their Pre-Emption Right in whole or in part to the Issue Shares; or
- Potential Subscribers may exercise their Pre-Emption Right to subscribe to the Issue Shares and to subscribe to additional Issue Shares; or
- Potential Subscribers may trade in additional Pre-Emption Rights during the Subscription Period in accordance with the relevant rules applied by Boursa Kuwait or through the market; or
- Potential Subscribers may assign their Pre-Emption Right against a consideration (or their rights to subscribe in additional Issue Shares) or part of it according to the set process during the Subscription Period in accordance with the relevant rules applied by Boursa Kuwait; or
- Potential Subscribers may assign, without consideration, their Pre-Emption Right in the Issue Shares (and their subscription in additional Issue Shares, as the case may be) or in part thereof according to the set assignment process, during the Subscription Period and any such assignment shall be processed in accordance with the relevant rules applied by the Kuwait Clearing Company, or
- Potential Subscribers may refrain from resorting to any of the previous options, whether by assignment or by trading of the Preemption rights in the Issue Shares and may leave the right to subscribe in the unsubscribed shares to the rest of the shareholders.

The trading in the Pre-Emption Rights shall commence on the opening of the Subscription Period and until at least five Business Days prior to the closing of the Subscription Period. In all cases, the person who disposed of the Preemption Rights whether by trading in all or in part of it or by assignment without consideration in the manner previously mentioned is not entitled to subscribe to these rights, and their subscription in these disposed rights is considered null. However, the person to whom these rights have been disposed may subscribe to the number of Issue Shares as allocated for these rights and is also entitled to dispose of them in the manner prescribed in the applicable rules in force at the Boursa Kuwait and the Kuwait Clearing Company until at least five Business Days prior to the closing of the Subscription Period.

## **Offering Terms, Conditions and Instructions**

### **Subscription Agreement**

The Subscription Agent agreed with the Issuer under the subscription agreement, provided that relevant conditions are fulfilled, to take the necessary actions in order to provide the Offering to the Subscribers at the Subscription Price including the issuance premium. The Subscription Agent is not obligated to subscribe to any of the shares that have not been subscribed by the Eligible Shareholders and investors.

### **Subscription Period**

The Subscription Period will commence on 19 August 2021 and shall close on 2 September 2021 and that is during the official working hours specified for receiving subscribers at the Clearing and Depository Agent unless the entire Offering is covered before that date, as the Issuer has the right to close the Subscription Period before the specified expiry date. The Board of Directors has the right to extend the Subscription Period at its sole discretion as long as the total extension period does not exceed three (3) months, provided that the approval of the Capital Markets Authority is obtained for such extension.

### **Under-Subscription**

In the case the Offering is not fully subscribed for during the original Subscription Period, the Board of Directors has the right to extend the Offering Period at its sole discretion as long as the total extension period does not exceed three (3) months, provided that the approval of the Capital Markets Authority is obtained for such extension. If the entire Offering is not depleted during the original Subscription Period and subsequent extensions, then the Issuer must either withdraw the capital increase or be satisfied with the amount that has been subscribed to, and reduce the capital increase, in both cases, and a capital decrease must be registered at the commercial registrar based on the Company's decision. In the event of cancellation of the Offering, the holders of the Preemption Rights will not be able to exercise their Preemption Rights in respect of the Issue Shares entitlements based on their rights which may cause the purchaser of a Preemption Right to forfeit the purchase price of the Preemption Right without any recourse against the Company or against the Subscription Agent for any claim or compensation.

### **Subscribers**

All shareholders of the Company are natural persons and corporate entities, Kuwaiti and non-Kuwaiti companies, institutions, banks, and others registered in the books of the Company's records at the Record Date in proportion to their share ownership in the Company's capital and Subscribers during the Subscription Period mentioned in this Prospectus and in accordance with the relevant laws. In the event that the Subscriber does not subscribe, this is considered a waiver of his Pre-Emption right to subscribe to the shares of the capital increase for the benefit of existing or other Subscribers. A Subscriber with a Pre-Emption right may request to subscribe to the surplus shares that may result from the failure of other shareholders to exercise the Pre-Emption right in subscription, provided that this Subscriber has subscribed for his entire share in the increase in the capital of the issuing company. Otherwise, the Company's Extraordinary General Assembly, may approve the allocation of the subscription surplus to the Subscribers who have applied for subscription to an additional number of Offering Shares exceeding the number allocated to them, in accordance with the applicable rules in this regard. The allocation decision shall be final without any liability on the part of the Issuer or the Subscription

### **Subscription Instructions:**

**First: Subscription through the Subscription Website for shareholders only for 16,666 (Sixteen Thousand, Six Hundred and Sixty Six) shares, equivalent to KD 10,000 (Ten Thousand Kuwaiti Dinars) or less:**

The Subscription Website allows subscription in the capital increase for subscription to **16,666** (Sixteen Thousand, Six Hundred and Sixty Six) shares, equivalent to KD 10,000 (Ten Thousand Kuwaiti Dinars) or less, whereby payment shall be made by K-NET service.

The Subscriber shall:

1. Login to the Subscription Website via the link: <https://www.ipo.com.kw>
2. Register the civil ID number, thereafter the system shall verify whether the subscriber is eligible to the subscription or not.
3. Record the number of shares to be subscribed for.
4. Be transferred to the payment portal via the K-NET service, where the Subscriber can pay from his/her/its own account (no other person may pay on behalf of the Subscriber except in the cases provided for under law - Required documents shall be reviewed when submitting the subscription application-. The Subscriber shall bear all legal consequences in case of violation).

**Second: Subscription through referral to the Kuwait Clearing Company head office for corporates or to subscribe in number of shares exceeding 16,666 (Sixteen Thousand, Six Hundred and Sixty Six) shares:**

1. The Subscriber shall login the link <https://www.ipo.com.kw> to print the Subscription Document, including but not limited to the name of the subscriber, the civil ID number in the event that the Subscriber is an individual and commercial registration number in the event that the Subscriber is a corporate, the number of shares to be subscribed and their value.
2. The Subscriber shall visit his/her/its own bank and submit a copy of the Subscription Document printed from the above link and transfer the amount required to the Bank Account by way of electronic funds transfer (net amount without any charges by the transferring bank and the receiving Bank) stated below:
  - a. Beneficiary name: GULF INSURANCE GROUP
  - b. Beneficiary address: Sharq, Building 1, Block 5, Floor 40, Office 1, Kuwait City, Kuwait – P.O. Box 1040 Safat 13011
  - c. Beneficiary account number: 023160025980014600001
  - d. Beneficiary IBAN: KW96BRGN000000000006002598007
  - e. Beneficiary bank: Burgan Bank
  - f. Beneficiary bank branch: Corporate Office
  - g. SWIFT: BRGNKWKW
  - h. Purpose of payment/ description: Capital Increase of Gulf Insurance Group + Subscriber Trading Account Number + Subscriber contact number
3. The Subscriber shall get an original deposit voucher of the amount transferred from his own bank and then refer to the Clearing and Depository Agent to complete the remaining procedures.
4. The Subscriber shall go to the headquarters of the Clearing and Depository Agent located at the Arabian Gulf Street, Ahmad Tower, the Fifth floor to submit the documents listed in the «Documents Required when Submitting Subscription Application» in this Prospectus during normal working hours Sunday through Thursday and fill in the Subscription Application form.
5. The Clearing and Depository Agent shall provide the Subscriber with a deposit receipt of the Subscription.

Failure of any Subscriber to submit a duly completed Subscription Application Form (together with all applicable supporting documentation thereto) at the offices of Kuwait Clearing Company, after the transfer or deposit of the subscription monies (the "Subscription Monies") as required in this Prospectus, shall render the Subscription Application Form of a Subscriber null and void. Subscription Monies shall not be accepted in cash.

### **Subscription Application Form**

The Rights Offering of the Issue Shares is restricted to Subscribers only. Subscribers who would like to participate in the Rights Offering can submit the Subscription Application Forms during the relevant Offering Period online via the Subscription Website or at the offices of the Clearing and Depository Agent. Each Subscriber who is participating in the Offering must agree to the terms and conditions and

provide all relevant information for the Subscription Application Form. The Issuer and the Clearing and Depository Agent reserve the right, free from any liability, to reject, in full or in part, any Subscription Application Form in the event any of the subscription terms and conditions are not met or the instructions are not duly and punctually followed including without limitation, the failure of the Subscriber to comply with the applicable laws and regulations, the non-payment by the Subscriber of the full amount of the Subscription Monies, the inaccuracy or the invalidity of any information contained in the Subscription Application Form or the failure of the Subscriber to comply with or follow any terms or requirements set forth under this Prospectus or in the Subscription Application Form. Amendments to and withdrawal of the Subscription Application Form shall not be permitted once the Subscription Application Form has been submitted. Furthermore, the Subscription Application Form shall, upon submission, represent a legally binding agreement between the Subscriber and the Issuer.

The Subscription Application Form and all relevant terms, conditions and undertakings shall be binding on the Subscribers and their assignees, executors, estate managers and beneficiaries, unless specifically stipulated otherwise in this Prospectus. The Subscriber must accept whatever number of Issue Shares is allocated to him provided such amount does not exceed the amount the Subscriber has indicated in its Subscription Application Form.

The terms and conditions, and receipt of the Subscription Application Form and contracts arising therefrom shall be subject to the laws of the State of Kuwait and must be interpreted and applied in accordance therewith.

All Subscribers must read the instructions relating to the Offering carefully before submitting the Subscription Application Form. Signing the Subscription Application Form shall be considered agreement to and acceptance of the Offering Terms, Conditions and Instructions.

### **Completing the Subscription Application Form to Subscribe to Issue Shares**

A Subscriber must specify on the Subscription Application Form the number of Issue Shares he wishes to subscribe to and transfer the Subscription Monies. Each Subscriber shall have the right to subscribe for 414 Issue Shares for every 1,000 Existing Shares that he owns at the Record Date. Subscribers can apply to subscribe to Additional Issue Shares and may be allocated the unsubscribed Issue Shares to which other Subscribers have not applied to subscribe their full entitlement. Issue Shares which have not been subscribed to by Subscribers' entitlement shall be allocated pro rata to the other Subscribers who applied for Additional Issue Shares.

### **Documents required to be submitted with applications to subscribe**

The Subscription Application Form must be accompanied by the following documentation, as applicable. Staff at the offices of the Clearing and Depository Agent will compare copies with originals and return originals to the Eligible Shareholder:

#### **General Requirements**

- Copy of the notice issued by Kuwait Clearing Company containing the name, shareholder identification and the number of shares owned by an Eligible Shareholder; and
- Transfer receipt of the Subscription Monies along with the Subscriber's IBAN number

#### **Individual subscribers**

- Original and copy of personal civil identification card;
- Original and copy of passport for citizens of GCC states;
- Original and copy of special legal proxy for subscribing in shares (for proxy subscribers);
- Original and copy of Certificate of Guardianship for orphans;
- Original and copy of Certificate of Guardianship for minors; or
- Original and copy of a Limitation of Succession Deed for beneficiaries.

#### **Corporate subscriber**

- Original and copy of Commercial Registration Certificate;

- Original and copy of the Authorized Signatories Certificate or the Extract of the Commercial Register;
- Original and copy of the personal identification card of the authorized signatory;
- Original and copy of the specimen of signature for the authorized signatory issued by the Ministry of Social Affairs and Labor or attested by the Chamber of Commerce and Industry; and
- Letter issued by the authorized signatory on behalf of the entity authorizing the subscription.

### **Non-Kuwaiti subscribers**

Non-Kuwaiti subscribers (whether corporates or individuals (as applicable)) are required to provide the equivalent of the aforementioned documentation as issued by their jurisdictional authorities if they do not have Kuwait issued documentation as highlighted further above.

Cash will not be accepted. The Subscription Monies must be paid in full upon submitting the Subscription Application Form at the office of the Clearing and Depository Agent according to the subscription method through the Clearing and Depository Agent office mentioned above. Subscription amounts will be deposited in full in the Issuer's non-interest-bearing bank account designated by the Issuer. The Subscribers must ensure that the bank debit or the bank transfer has been processed from their respective bank account and that Issuer's designated subscription account has been credited with the appropriate amount at the time of the submission of the Subscription Application Form to the Clearing and Depository Agent.

Without prejudice to the other grounds of rejection of the Subscription Application Forms, the Clearing and Depository Agent and the Company shall have the right to reject the Subscription Application Form in the event the Subscription Monies are not received in the subscription account at the time of submission of the Subscription Application Form to the Clearing and Depository Agent.

### **Applicant declarations**

By completing and submitting the Subscription Application Form, the Subscriber:

- agrees to subscribe to a number of Issue Shares set forth in the Subscription Application Form that is final and irrevocable;
- warrants that he has read and carefully studied this Prospectus and understands all of its contents;
- accepts the Memorandum and Articles of Association of the Issuer and all of the Offering terms and conditions mentioned in this Prospectus;
- accepts that the Issuer and the Clearing and Depository Agent shall have the right to refuse any unsatisfactory, incomplete or unclear Subscription Application Form or for any of the reasons set forth in this Prospectus;
- accepts the number of Issue Shares allocated to him (to a maximum of the amount he has subscribed for) and all other instructions of subscription stated in the Subscription Application Form and this Prospectus; and
- undertakes that he will not cancel or amend the Subscription Application Form after submission to the Clearing and Depository Agent.
- the corporate subscriber declares, at his full responsibility, that he obtained all the authorizations and consents required pursuant to his Memorandum and Articles of Association or pursuant to the law, in order to enable him to apply for the subscription and to perform his obligations in accordance to the terms and conditions contained in the Prospectus and to transfer his pre-emption right, including the consent of his Board of Directors or the General Assembly, as the case may be, in respect of shareholding companies.

### **Declining Subscription Forms**

The Issuer and the Clearing and Depository Agent reserve the right, free from any liability, to reject, in full or in part, any Subscription Application Form in the event any of the forms are not compliant with the applicable laws, or any of the subscription terms and conditions are not met or the instructions are

not duly and punctually followed including without limitation, the non-payment by the Subscriber of the full amount of the Subscription Monies at the time of submission of the Subscription Application Form, in the event of Bank Transfer, the Subscription Application shall be rejected if the transfer is not executed within three working days from the submission date of the Subscription Application Form, the inaccuracy or the invalidity of any information contained in the Subscription Application Form or Subscription Application Form is submitted more than once, or the failure of the Subscription Application Form to comply with or follow any terms or requirements set forth under this Prospectus or in the Subscription Application Form.

### **Refund to Subscribers**

The Subscription Monies and the excess offering monies and amounts paid by declined applications – if any – will be refunded without any interests, fees or deductions within 5 working days from the announcement of the allocation results by means of bank transfer to the designated account stated in the Subscription Application Form.

In the event of a cancellation of the Offering or a part thereof, the Issuer shall deposit any Subscription Monies in a non-interest-bearing account with the Company until the repayment of such amount has been authorized by the Ministry of Commerce and Industry.

### **Payment of Subscription Amount**

The value of the subscription shall be paid by K-NET or bank transfer as indicated above. Cash payments will not be accepted. The full value of the subscription must be received in the subscription account, during the Subscription Period and, at a maximum, before the closing date.

### **Subscription Terms & Conditions**

Subscription requests are final, and it is not permissible to refund to them for any reason, even before the closing date of the Subscription Period. The subscriber may not add any conditions or restrictions to the subscription application. The subscription must be genuine, any mock subscription or underwriting with fictitious names or otherwise is prohibited. The Subscription Application must be submitted in accordance with this Prospectus prior to the deadline set for the Subscription Period. The Issuer, Clearing and Depository Agent, and Subscription Agent have the right to exclude duplicate requests and requests that do not fulfill the required data or are in violation of the law, unless they are corrected, and the Subscriber must subscribe through one bank account. In the event that the Subscription Application is submitted by someone who legally represents the subscriber in accordance with the applicable laws, regulations and relevant rules, shares shall be allocated in the name of the subscriber whose name is mentioned in the Subscription Application. The Issuer, Clearing and Depository Agent, and Subscription Agent reserve the right, without referring to the subscriber, to reject any Subscription Application if it is found that it violates the terms and conditions of this Prospectus or if it does not fulfill all of its data or if it is not associated with the documents indicated in the Prospectus or with other documents that may be requested by the Clearing and Depository Agent and Subscription Agent.

After the payment or subscription process and submission of the application, the subscription application is considered a legally binding agreement between the subscriber and the Issuer. The subscription application form and all its provisions, conditions and undertakings stipulated therein shall be binding on the subscribers, the assignees, assignees, managers of their assets, and the beneficiaries, unless otherwise stipulated in this Prospectus. The Subscriber must also accept the number of Offer Shares allocated to them. All terms and conditions and receipt of subscription application forms and agreements arising therefrom shall be subject to the laws of the State of Kuwait and shall be interpreted and applied in accordance with the provisions of the laws of the State of Kuwait. The Subscriber shall read the Subscription Instructions carefully before submitting the Application Form. Signing the subscription application form will be deemed a binding contract and approval of all underwriting provisions.

### **Bank Fees and Commissions**

The subscriber shall bear the bank fees and commissions related to the method of paying the subscription value for the subscription amount applied for.

### **Allocation of Shares**

Shares shall be allocated to subscribers within a maximum period of five (5) business days after the closing of the Subscription Period. The Issuer's board of directors will allocate all the shares subscribed to by the shareholders who hold the priority right on a pro rate basis. The Issuer's board of directors will allocate the surplus subscribed shares, in excess of the priority right, which may result from the failure of some shareholders to exercise the right of priority, to existing shareholders or to new shareholders in accordance with the decision of the Company's extraordinary general assembly issued on October 7, 2020, where the remaining un-subscribed shares, if any, are allocated to the shareholders who applied for subscription with an additional number of shares in excess of the number allocated to them, on the basis of the ratio of the number of remaining additional shares to the number of additional shares that the shareholders requested to subscribe for and proportionately between them in accordance with the provisions of the Companies Law and its executive regulations. The Board of Directors may dispose of fractional shares (if any) in the manner it deems appropriate in accordance with the provisions of the law. The allocation decision shall be final and without any liability on the Issuer.

### **Refund of Subscription Surplus Amount**

The value of the subscription will be paid by the subscribers during the Subscription Period and before the closing date of the Subscription Period, and if there is any surplus in the sums that the subscribers will transfer to the subscription account, these amounts will be refunded within a period not exceeding five (5) business days from the date of the allocation of shares without interest.

### **Abide by the Laws**

The Subscription Agent and the Issuer shall comply with all laws and regulations applicable to the Issue Shares that may be effective in the countries where they wish to offer, market or subscribe in the Issue Shares or distribute this Prospectus and the Issuer and the Subscription Agent shall obtain all the applicable approvals, authorizations, and/or permits that are required by such countries in order to carry out any of the activities set forth above according to the applicable laws and regulations in each relevant foreign country.

### **Use of Proceeds**

The proceeds of the Offering will be used to continue the general activities of the Company and to improve the Company's operating capital, to achieve growth in the revenues of the issuing company, and to implement its plans, regulatory requirements, and future goals. In addition to covering the Offering Expenses and some of the expenses that involved in the process of increasing the Company's capital.

The total value of the capital increase is 50,000,000 Kuwaiti Dinars (Fifty million Kuwaiti Dinars). The proceeds of the Offering will be used to continue the general activities of the Company and to improve the Company's operating capital, to achieve growth in the revenues of the issuing company, and to implement its plans, regulatory requirements, and future goals. In addition to covering the Offering Expenses and some of the expenses that involved in the process of increasing the Company's capital.

The following statement details the returns on the capital increase and the estimated uses thereof:

<b>Value of Capital Increase</b>	<b>Amount (KWD)</b>
1) The nominal value of the capital increase	8,333,333
2) The total value of the issuance premium	41,666,667
<b>Total</b>	<b>50,000,000</b>

<b>Estimated uses of proceeds on capital increase</b>	<b>Amount (KWD)</b>
1) The company's general activities	49,850,000
2) Issuance and offering expenses (maximum)	150,000
<b>Total</b>	<b>50,000,000</b>

## Details of the Issuer

### Business Description of the Company

#### Incorporation

Gulf Insurance Group K.S.C.P. (hereinafter referred to as "GIG", the "Company" or the "Issuer") is a public shareholding company incorporated in the State of Kuwait by Amiri Decree No. 25 dated 9 April 1962. It was registered with the Ministry of Commerce and Industry, under commercial registration number 9390 on 15 April 1963.

In 2013, the Issuer changed its name to Gulf Insurance Group with a unified brand across all its subsidiaries to reflect it becoming a holding company in order to oversee the entire group companies, and transferred its local business to the Gulf Insurance and Reinsurance Company.

#### History

GIG was incorporated on 9 April 1962 as the second private insurance company in the State of Kuwait. In 1977, the government of the State of Kuwait acquired 82 per cent stake of the share capital of the Company which was divested in 1996 as part of the State of Kuwait's privatization process. In 1996, KIPCO acquired majority stake and as at 31 December 2020, KIPCO's consolidated effective interest was 45.99 per cent.

In 2008, GIG established its Takaful unit which offers Shariah compliant life and non-life insurance products.

In September 2010, GIG announced that it had entered a strategic relationship with Fairfax Financial Holdings, a global leader in insurance and re-insurance headquartered in Canada. As part of the transaction, a Fairfax affiliate purchased a 41.3 per cent. stake in the Company.

In 2013, GIG restructured itself to a holding company to oversee all of the Group companies while retaining its license as a regulated operating insurer in the Kuwaiti market. Its domestic insurance business was transferred to Gulf Insurance and Reinsurance ("**GIG – Kuwait**"), which is 99.8 per cent owned by GIG as at December 2020.

Having established a presence in the State of Kuwait, GIG has expanded across the MENA region by:

- Acquiring a 100 per cent. stake in Saudi Pearl Insurance Company in the Kingdom of Saudi Arabia in 2000. Following a change in regulation, GIG along with other investors established the Al-Buruj Cooperative Insurance Company which was listed on the Saudi Stock Exchange ("**Tadawul**") in October 2009 and received its commercial license in February 2010. The insurance business of Saudi Pearl Insurance Company has been transferred to the newly established company upon the completion of regulatory formalities (GIG has a 28.5 per cent. shareholding in Al Buruj Cooperative Insurance Company as at 31 December 2020);
- Establishing Fajr Al-Gulf Insurance and Reinsurance Company S.A.L in Lebanon by a merger of International Trust Insurance Company SAL (ITI) with Al-Fajr Insurance and Reinsurance Company SAL ("**Al Fajr**") to form Fajr Al-Gulf Insurance and Reinsurance Company S.A.L in 2004 (92.7 per cent. shareholding as at 31 December 2020);
- Acquiring a majority stake in Egypt's Arab Misr Insurance Group Company S.A.E. in February 2005 (99.0 per cent. shareholding as at 31 December 2020);
- Acquiring a 21.4 per cent. stake in Bahrain Kuwait Insurance Company B.S.C. ("**GIG-Bahrain**") in December 2005, which was increased to 51.2 per cent. in 2008 and to 56.1 per cent. as at December 2010 (56.1 per cent. shareholding as at 31 December 2020);
- In April 2017, GIG- Bahrain increased its holding in the share capital of Takaful International B.S.C. ("**Takaful**"), a listed company on the Bahrain Bourse, to 63.6 per cent. (31 December 2016: 40.9 per cent.). As a result, Takaful became a subsidiary of the Group and has been consolidated from that date. In June 2017, GIG Bahrain further increased its shareholding ownership from 63.6 per cent. to 67.3 per cent. in Takaful. In December 2018, GIG Bahrain's ownership in Takaful increased to 81.9 per cent (81.9 per cent. shareholding as at 31 December 2020);
- Establishing Syrian Kuwait Insurance Company ("**GIG-Syria**") in December 2006 with an initial 44.4 per cent. direct stake. It commenced operations in 2007 (54.4 per cent. shareholding as at 31 December 2020);
- Acquiring a 42.0 per cent. stake in Jordan's Arab Orient Insurance J.S.C. ("**GIG Jordan**") in May 2009 and a further 13 per cent. stake in June 2009 from Jordan Kuwait Bank (inter-group transaction) which was further increased to 88.7 per cent. as at December 2010. It is the largest insurance company in Jordan in terms of market share and revenues (90.4 per cent. shareholding as at 31 December 2020);
- Acquiring a 59.5 per cent. stake in Egyptian Life Takaful Insurance Company (together with Egypt's Arab Misr Insurance Group Company S.A.E., "**GIG-Egypt**") in 2010 (61.3 per cent. shareholding as at 31 December 2020);
- Acquiring a 51.0 per cent. stake in Dar Al Salam Insurance Company, Iraq in 2011 (79.9 per cent. shareholding as at 31 December 2020);
- Acquiring a 20.0 per cent. interest in Alliance Insurance Company P.S.C. in the UAE in 2012 (20.0 per cent. shareholding as at 31 December 2020);
- Acquiring a 20.0 per cent. stake in Al-Argan International Real Estate Company K.S.C.P. in the State of Kuwait in 2013 (20.0 per cent. shareholding as at 31 December 2020);
- Acquiring a 25.0 per cent. stake in Egyptian Takaful Property and Liability S.A.E. in Egypt in 2014 (25.0 per cent. shareholding as at 31 December 2020);
- Expanding in Algeria by partnering with local entities, the Hydrocarbon Insurance Company CASH and National Bank of Algeria to establish a life insurance company, Algerian Gulf Life Insurance Company, with a capital of U.S.\$ 9.0 million. GIG has a 42.5 per cent. shareholding in the new company as at 31 December 2020;

- In 2015, GIG acquired a 51 per cent. shareholding in an Algerian insurance company, “L’Algerienne des Assurance (2A)” (51.0 per cent. shareholding as at 31 December 2020);
- Acquiring a 90 per cent. stake in a Turkish non-life insurance company, Turins Sigorta Anonim Şirketi ("**Turins Sigorta**") in June 2016;
- In 2017, acquired 100 per cent. stake in AIG Sigorta Anonim Şirketi ("**AIG**"), a Turkish non-life insurance company and merged AIG Sigorta and Turins Sigorta under the name Gulf Sigorta (99.2 per cent. shareholding as at 31 December 2020); In May 2020, GIG acquired 9.6 per cent stake in Yallacompare, one of the leading insurance and financing products comparison companies in the Middle East;
- In November 2020, GIG entered into an agreement to acquire AXA's insurance operations in the Gulf Region for a total cash consideration of U.S.\$ 474.8 million. The transaction is subject to customary closing conditions including regulatory approvals.
- In December 2020, acquired 65.2% stake in Gulf Takaful, Kuwait through the subsidiary, gig-Kuwait (Gulf Insurance & Reinsurance Company) and in the process of transferring the Group's Takaful portfolio to Gulf Takaful in line with new regulatory framework in Kuwait

### **Registered Office**

The address of GIG's registered office is at KIPCO Tower, 42nd Floor, Khaled Bin Al-Waleed Street, Sharq Area, Block 5, Kuwait City P.O. Box 1040, Safat 13011, State of Kuwait, telephone number: +965 1802080.

### **Objectives as per Articles**

In accordance with Article (5) of the Company's by-laws, the licensed objectives of the Company are execution of all kinds of insurance and guarantee, compensation and capital and property investment works as indicated below:

- Life insurance and in general all insurance which include life term and insurance against disability and old age
- Insurance against fire and insurances relating thereto
- Insurance against accidents, losses, and responsibilities that are caused by the same, including insurance for personal incidents and against illness
- Insurance against work injuries and commitment to insurance for employers for responsibility for worker compensation who are in their service and for all worker rights resulting from the termination of their services
- Obligatory insurance over cars and vehicles as well as comprehensive insurance for vehicles and the related insurance
- Insurance against land, river, sea and air transport, including insurance over ships, boats, planes or the equipment of the same, functions and crew
- Reinsurance or obtain an insurance for all risks indicated in the previous provisions or any work of the Company
- Concluding contracts regarding any kinds of insurance by issuing documents, papers, certificates or others, by means of which the Company shall commit to paying a certain amount on a certain date or undetermined date, by means of periodical installment(s)
- Granting to any category or section of insured parties or those dealing with the Company, any rights in any reserve account(s) at the Company or any rights to subscribe in the Company's profits

- Granting payments of all kinds and terms, whether adopted for the person's life or other and whether for a limited term or not, whether paid immediately or in delayed form
- Concluding contracts with tenants, debtors, delegated parties, parties with annual salaries, or others and for using the capital for investment
- Purchasing, mortgaging, and loaning different real estate and movable property with temporary benefits or for life or any other benefits
- Executing mediation works for any transfers, or debt documents, or shares whether open for subscription or not and including in subscriptions any financial deeds or shares and executing a will or inheritance or division, for a reward or fee
- Granting loans as cash or noncash funds for guarantees, including loaning funds for policies issued by the Company or which the Company shall be responsible for and use any portion of the funds of the Company for purchasing, annulling, use, or discharge in any policy, contract or responsibility
- Paying or conciliating regarding claims filed against the Company, which can be paid or settled, even if the same is not established duly
- Without prejudice to the provisions of the Commercial Companies Law, the Company shall have the right to obtain a loan, collect, or obtain funds, as it shall deem adequate
- Obtaining and committing to any commercial department, property, any person or company that executes any of the works that the Company shall have the right to execute or which has property, adequate for the purposes of the Company
- Establishing regular partnership with any person or company, that executes or shall execute any action or grant the Company the right to execute the same, in light of the objects and goals of the Company
- Taking and obtaining shares at any other company, whose goals completely or partially meet those of the Company or executing any actions that may benefit it directly or indirectly
- Making calls and concluding agreements with state authorities whether the municipality, local or other authorities, for obtaining rights, privileges, permits, and interests which the Company shall consider beneficial to obtain
- Establishment of any associations that shall benefit the employees of the Company or persons who are supported by them or connected to them; granting retirement salaries and raises and paying insurance amounts and subscribing or include the funds for charity and for any object that is beneficial to the public
- Purchasing, leasing, exchanging, renting, or obtaining movables or immovables, rights or privileges that the Company deems necessary for executing its objects and in particular any lands, buildings, machines, equipment, or merchandise; constructing, maintaining, and make amendments to any building or works as necessary and in accordance with the objects of the Company
- Investing funds not required immediately and acting with the same as deemed adequate by the board in accordance with the benefit of the Company
- Paying fees to any person or company for the previous or following services regarding the commitment, aid in commitment, or guarantee of commitment to subscription in the Company shares or the establishment thereof, or the execution of its works
- Selling, or acting in any means in the Company projects or any section thereof for an adequate fee in particular for shares, deeds, or securities at any other company whose objects, whether fully or partially, are similar to those of the Company

- The Company shall have the right to execute all transactions and procedures, that are deemed adequate for facilitating and achieving its objects in accordance with the adequate conditions
- The Company, for executing its actions and aforesaid objects in Kuwait or abroad, shall have the right to delegate agents, insurance representative and brokers

### Authorized and Paid-Up Capital

As at 31 December 2020, the Issuer's authorized share capital was KD 18.7 million, consisting of 187,039,125 shares of KD 0.100 each.

As at 31 December 2019, the Issuer's authorized share capital was KD 18.7 million, consisting of 187,039,125 shares of KD 0.100 each.

### Capital Increase

- On 7 October 2020, shareholders held an Extraordinary General Meeting and approved the Board of Directors' proposal relating to an increase of authorized share capital from KD 18,703,913 to KD 35,000,000 by issuing 162,960,870 shares of 100 fils each.
- On 8 October 2020, the company obtained the required approvals from the Capital Market Authority ("CMA") to increase the issued and paid-up share capital of the Parent Company from KD 18,703,913 to KD 20,123,913 by issuing 14,200,000 shares of offering value 500 fils each including nominal value 100 fils each and share premium 400 fils each.
- Subsequent to the reporting date of 31st December 2020, the company obtained necessary approvals from regulatory bodies. The rights issue has been fully subscribed resulting in increase in share capital of KD 1,420,000 to be KD 20,123,913 and share premium of KD 5,680,000 to be KD 9,280,000.

### Borrowing Limits

The Company does not have any borrowing limits imposed in its constitutional documents.

### Ownership

The Issuer's 45.99 per cent of issued share capital is owned by Kuwait Investment Projects Company K.S.C.(Public) ("**KIPCO**"), a Kuwaiti holding company owned by members of the Kuwaiti ruling family. Fairfax Financial Holdings Limited, a financial service holding Company ("**Fairfax**") incorporated in Canada and listed in Toronto stock exchange owns 43.43 per cent shares of the issued ordinary share capital.

Following the previous capital increase which raised the share capital to KD 20,123,913, the following shareholders had holdings in excess of 5.0 per cent. of the Issuer's issued ordinary share capital.

	<b>Percentage of Shares</b>	<b>Number of Ordinary Shares (in million)</b>
Shareholders		
Kuwait Investment Projects Company K.S.C.(Public)	45.99	92.5
Fairfax Financial Holdings Limited.	43.43	87.4

## Group Structure

The Issuer, directly or indirectly, is the ultimate holding company of over 10 subsidiaries, associates (companies in which the Group holds more than 20 per cent. of the shares) and joint ventures. Its assets substantially comprise of shares in the Group companies. The Issuer is dependent on revenues received from other members of the Group.

The principal subsidiaries and associates of the Issuer operate in the insurance sector (together the "**Principal Companies**"). The remaining companies of the Group and its associates operate in the real estate and communication and broadcasting sectors.

The table below sets out the Issuer's consolidated interest in its subsidiaries as of 31 December 2020:

Company	Jurisdiction of Incorporation	Group's Consolidated effective interest* (in per cent.)	Share Capital
Gulf Insurance & Reinsurance Company. .....	Kuwait	99.8	KWD18mn
Bahrain Kuwait Insurance Company.....	Bahrain	56.1	BHD14.3mn
Arab Orient Insurance Company.....	Jordan	90.4	JOD21.44mn
Gulf Sigorta.....	Turkey	99.2	TRL181.2mn
Arab Misr Insurance Group (GIG-Egypt)..	Egypt	99.0	EGP315mn
L'Algrienne Des Assurances (GIG-Algeria) .....	Algeria	51.0	DZD2bn
Egyptian Life Takaful Company..	Egypt	61.3	EGP200mn
Syrian Kuwaiti Insurance Company.....	Syria	54.3	SYP1.06bn
Dar Al Salam Insurance Company.....	Iraq	79.9	IRD7bn
Fajr Al Gulf Insurance and Reinsurance..	Lebanon	92.7	LBP7.14bn

\* Effective interest is computed by adding the Issuer's direct shareholding and the Issuer's share of indirect interest held through subsidiaries and associates

The table below sets out the Issuer's consolidated interest in its associates as of 31 December 2020:

Company	Jurisdiction of Incorporation	of Group's Consolidated effective interest* (in per cent.)	Principal Activity
Al-Buruj Co-Operative Insurance Company.	Saudi Arabia	28.5	Insurance
Al-Argan International Real Estate Company.	Kuwait	20	Real Estate
Alliance Insurance Company.	UAE	20	Insurance
Egyptian Property and Takaful and Liability	Egypt	25	Insurance
United Networks Company.	Kuwait	17	Communication & Broadcasting
Algeria Gulf Life Insurance Company	Algeria	42.5	Insurance
Health 360 Ancillary Service.	Bahrain	41	Third party administration - Claims

\*Effective interest is computed by adding the Issuer's direct shareholding and the Issuer's share of indirect interest held through subsidiaries and associates

### Operating Environment

The Group and its associates operate in the Middle East and North Africa ("**MENA**") region, characterized by a growing population, varying levels of per capita income and relatively nascent markets presenting significant business and investment opportunities.

The majority of the assets of the Group and its associates are located in the Gulf Cooperation Council ("**GCC**") economies, which are mainly investment grade rated stable economies, except for Bahrain and Oman. Bahrain is rated B2 and B+ respectively by Moody's Investor Service and Standard & Poor's Rating Services, whereas Oman, is rated as Ba3 and B+ respectively by Moody's Investor Service and Standard & Poor's Rating Services. These economies offer a market for premium goods and services derived from their high per capita income and favorable demographic trends. A number of these countries are major oil and/or gas producers.

The following table sets out the key socio-economic indicators for the GCC economies:

Country	Population (in millions)	Population Growth Rate (per cent. per annum)	GDP Growth Rate (per cent. per annum) **	GDP Per Capita Income (PPP in U.S.\$)	Proven Oil Reserve (Billion barrels) #
Bahrain.....	1.5	1.6	1.1	46,813	0.1
Kuwait.....	5.0	3.0	(2.2)	38,642	101.5
Oman.....	4.6	0.7	(0.9)	28,305	5.4
Qatar*.....	2.8	1.4	0.0	90,548	25.2
Saudi Arabia.....	35.5	2.2	0.1	44,778	266.2
UAE.....	11.4	3.0	0.4	55,713	97.8

#as of January 2018 (estimated)

\* Also has a large gas reserve; \*\* GDP @ constant prices

The above figures have been extracted from the World Economic Outlook published by the International Monetary Fund (the "IMF") in April 2021. The population growth rate and the GDP growth rate have been calculated as the compounded annual growth rates for the period 2016 to 2021. Figures for Proven Oil Reserves have been extracted from the 2018 World Fact Book published by the Central Intelligence Agency (the "CIA"). The above information has been accurately reproduced and, as far as the Issuer is aware and is able to ascertain from the information published by the IMF and the CIA, no facts have been omitted which would render the reproduced information inaccurate or misleading.

In addition to the GCC economies, the Group and its associates also have investments in other Middle Eastern (non-GCC) and North African economies. These economies are characterized by a large population base and offer mass markets with low penetration.

The table below sets out the key socio-economic indicators for the other Middle Eastern (non-GCC) and North African economies:

Country	Population (in millions)	Population Growth Rate (per cent. per annum)	GDP Rate (per cent. per annum) **	GDP Per Capita Income (PPP in U.S.\$)
Algeria.....	45.0	2.0	0.2	10,644
Egypt.....	102.9	2.5	4.2	12,180
Jordan.....	10.3	1.8	1.2	9,859
Lebanon.....	6.0	(0.2)	1.0	13,809
Syria.....	21.4	-	-	6,507
Turkey.....	85.2	1.3	3.8	30,050

\*\* GDP @ constant prices

The above figures have been extracted from the World Economic Outlook published by the IMF in April 2021, except for Lebanon and Syria, whose figures have been extracted from World Economic Outlook published by the IMF in October 2019. The population growth rate and GDP growth rate have been calculated as the compounded annual growth rates for the period 2016 to 2021, except for Syria, for which the information presented is for the period 2010. The above information has been accurately reproduced and, as far as the Issuer is aware and is able to ascertain from the information published by the IMF, no facts have been omitted which would render the reproduced information inaccurate or misleading.

As regards accounting and reporting standards, companies in the State of Kuwait follow International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standards Board (IASB).

## **Business Overview and Strategy**

### **Overview**

#### **Principal Business Activities**

GIG is a holding company of subsidiaries and associates that primarily engage in insurance activities and provide related services. GIG is amongst the largest and most diversified insurance groups in the Middle East and North Africa region, with market leading positions in Kuwait, Jordan and Bahrain, and a strong presence in Egypt, Turkey and Algeria. Furthermore, the Group has operations in Syria, Iraq, Lebanon, Saudi Arabia, Algeria, and the United Arab Emirates. The Group aims to acquire or create insurance businesses, build and grow them in order to diversify products offering, mainly in Takaful and life, taking into account the financial ability of the group, and with a view to maximize shareholder value. The Issuer is dependent on revenues received from other members of the Group.

GIG issues insurance policies under the broad categories of medical, motor, property, casualty, life, engineering, and marine. The following provides an overview of the business lines of the Issuer's subsidiary/associate companies:

**Medical:** Medical provides comprehensive medical coverage for individuals/corporates (for group policies) within and outside the designated geography. The Company will cover the costs of providing medical services to the insured person (beneficiaries) through the network of service providers appointed by the Company, and in accordance with the terms and conditions and restrictions contained in the policy.

Medical is the key source of Group revenues and earnings. For the year 31 December 2020 contribution of Medical to consolidated total GPW was 54.6 per cent.

**Motor:** Motor provides third party and comprehensive policy covers for motor liability, whereby the Company pays compensation on the occurrence of any damage covered under the policy during use or parking within the designated geographical boundaries.

Motor is the second largest source of group revenues. For the year 31 December 2020 contribution of Motor to consolidated total GPW was 12.4 per cent.

**Property:** Property and / or any part thereof in the event of material damage or destruction are covered under this Insurance. The property could include buildings (including fixtures and accessories of the owner), machinery and equipment, devices, tools and inventory (products, materials, spare parts), furniture, equipment, and personal belongings.

In the year 31 December 2020, Property contributed 13.2% to total consolidated GPW and it is the third largest line of business by revenues.

**Casualty:** Casualty Insurance is best described as specialty insurance and can be defined by risks that are not included in other lines of business. It mainly covers personal accidents and workmen compensation. Major part of casualty is liabilities toward third parties arising from bodily injury and property damage arising from insured activities.

This includes third party liability, product liability, employer's liability, professional indemnity and medical malpractice risks that do not fall under conventional insurances of health, life and property. Such cases will be covered under casualty including fidelity guarantee, money insurance, banker's blanket bond and others. New emerging risks are part of casualty business such as cyber risks, director's and officer's liability and trade credit insurance.

In addition, this line of business offers travel insurance policies that provide coverage and protection for medical expenses and expenses that may result from accidents during travel.

General Accidents contributed 6.0 per cent to total consolidated GPW in year 31 December 2020.

Life: Life offers a variety of life insurance policies that provides the beneficiary and their family with indemnities in case of unforeseen death or injury. In addition to providing life insurance, this line of business offers a life product “Thokhour”, which enables the client to customize their own investment portfolio with local and international investment strategies with flexible payment plans.

Life contributed 5.0 per cent to total consolidated GPW in year 31 December 2020.

Engineering: Engineering offers comprehensive and adequate protection against loss or damage to the construction / erection projects, plant, equipment and machinery. It also protects against third-party claims for any bodily injury or property damage during the execution of a construction / erection project. Engineering contributed 6.4 per cent to total consolidated GPW in year 31 December 2020.

Marine: Marine offers third party or comprehensive coverages to marine properties such as boats of various types or yachts and provides coverage for all the risks due to accident, damage or other occurrences that lead to loss of the boat or damage to machinery or navigational and electrical equipment and an injury to an individual.

Marine contributed 2.3 per cent to total consolidated GPW in year 31 December 2020.

In 2008, GIG established its Takaful unit which offers life and non-life insurance products compliant with Islamic Shariah laws. Currently its takaful operations are in Kuwait, Bahrain and Egypt. Takaful products contributed 8.6 per cent to total consolidated GPW in year 31 December 2020.

## Regional Presence

The Group operates in following 11 MENA countries through its subsidiaries and associates;

Country	Subsidiary / Associate
Kuwait	<ul style="list-style-type: none"> <li>Gulf Insurance &amp; Reinsurance Company</li> <li>Al-Argan International Real Estate Company</li> <li>United Networks Company</li> </ul>
Bahrain	<ul style="list-style-type: none"> <li>Bahrain Kuwait Insurance Company</li> <li>Health 360 Ancillary Service</li> </ul>
Egypt	<ul style="list-style-type: none"> <li>GIG - Egypt</li> <li>Egyptian Life Takaful Company</li> <li>Egyptian Takaful Property and Liability</li> </ul>
Jordan	<ul style="list-style-type: none"> <li>Arab Orient Insurance Company</li> </ul>
Turkey	<ul style="list-style-type: none"> <li>Gulf Sigorta</li> </ul>
Algeria	<ul style="list-style-type: none"> <li>GIG - Algeria</li> <li>Algeria Gulf Life Insurance Company</li> </ul>
Syria	<ul style="list-style-type: none"> <li>Syrian Kuwaiti Insurance Company</li> </ul>
Iraq	<ul style="list-style-type: none"> <li>Dar Al Salam Insurance Company</li> </ul>
Lebanon	<ul style="list-style-type: none"> <li>Fajr Al Gulf Insurance and Reinsurance</li> </ul>
Saudi Arabia	<ul style="list-style-type: none"> <li>Al-Buruj Co-Operative Insurance Company</li> </ul>
UAE	<ul style="list-style-type: none"> <li>Alliance Insurance Company</li> </ul>

## Business Strategy

The key elements of the Group's strategy are to:

- **Foster innovation in products and distribution to be in the top 5 leading insurance companies in the MENA region by market share:** GIG's underlying strategy is to become a regional market leader by increasing its customer focus and becoming the single contact for all insurance needs of its customers. Its digital transformation strategy which includes digital distribution channels, digital consumer products (health, life, auto, travel and home) and digital claim services play a vital role in developing a customer centric and data driven organization. In this regard, GIG acquired 9.6% stake in Yallacompare, one of the leading insurance and financing products comparison companies in the Middle East. Also, GIG is currently in the implementation phase for Motor Telematics in Kuwait, Egypt, Jordan and Algeria. GIG has also established a multi-phase plan for its Customer Relationship Management program directed at gaining insight into customer purchasing behavior.
- **Utilize in-organic strategies to reinforce product and market development:** GIG continues to expand its geographical presence in MENA region through friendly acquisitions to diversify products offering, mainly in life and Takaful businesses, within the financial ability of the Group. GIG is particularly adopting in-organic growth strategies for its existing takaful business in Kuwait, Bahrain and Egypt. In addition to acquisitions, GIG is looking to reinforce GIG brand in the MENA region through unified branding, regional digital marketing and by enhancing its approach on regional multi-country accounts servicing.
- **Leverage its position and reputation in the GCC and wider MENA region to capture further growth in these regions:** GIG is well positioned through its network of business relationships and its reputation to identify opportunities for growth and generate attractive returns from its businesses. GIG seeks to penetrate new markets with its existing businesses and at the same time look for new opportunities that will generate attractive returns. GIG is particularly interested to develop its businesses in countries where opportunities and market dynamics are similar to markets GIG is already operating in.
- **Achieve operational excellence through partnerships and alliances driven by Insurtechs:** Given the importance of support functions (such as IT, actuaries, legal and compliance, call center, HR) in the insurance operations, GIG is looking to create a center of excellence through either establishing a new service entity or streamlining existing departments. Through this the company aims to re-engineer its business model and embrace its key digital strategies which enable to create cost efficiencies across entities while enabling to leverage the team skills and capabilities. In this regard, GIG has already successfully implemented the shared service center in Bahrain and progressing well on establishing similar centers

## Company Duration

The duration of the Company shall be indefinite.

## Management of the Company

The Board of Directors of the Company consists of ten Directors (6 - Non-executive, 1- Executive and 3 Independent Directors) elected by General Assembly by secret ballot.

Each shareholder, whether a natural person or an entity, may appoint representatives on the Company's Board of Directors according to the percentage of shares owned by him. These representatives have the same rights and obligations as elected members. The shareholder is responsible for the actions of his representatives toward the company and its creditors and shareholders.

Members of the Board of Directors of the Company are appointed for a period of three years renewable. Upon the expiry of such period, the total Board of Directors shall stand again for election. Any member of the Board of Directors may be re-elected more than once.

The member of the Board of Directors must meet membership requirements in accordance with the Companies Law, CMA law no.7 for 2010 and its amendments and its executive bylaws in this regard.

## **General Assembly**

### **Invitation**

The invitation for attending the General Assembly meetings, including the agenda, time, and place of the meeting, shall be announced twice, at least, in two local Arabic newspapers the company's website, and any modern advertising means. The second announcement should be published after at least seven days from the first publication and seven days before the date of the General Assembly meeting.

The Ministry of Commerce and Industry should be notified in writing of the meeting's agenda, time, and place seven days before it is held.

### **Purview of Ordinary General Assembly Meeting**

The Ordinary General Assembly meeting may discuss any matter related to the Company's activities, except for those matters which are specified by law and /or the Articles of Association to be discussed in an Extra-Ordinary General Assembly.

### **Purview of Extra-Ordinary General Assembly Meeting**

Taking into consideration all the other specialties stated in the law, the Extra-Ordinary General Assembly is concerned with the following issues:

1. Amending the Memorandum or the Articles of Association of the Company;
2. Selling or otherwise disposing of the entire project undertaken by the Company;
3. Dissolving the Company or merging with another company or entity or its transfer of division; and
4. Increasing or decreasing the Company's capital.

Any amendment to the Company's Articles of Association, shares, objectives, or capital except by increasing it by issuing shares against profits achieved by the Company or the addition of its provisions which can be used to the capital, is not valid without the approval of the Ministry of Commerce and Industry and taking all action stated in the Capital Markets Law and the Companies Law and any other applicable laws.

### **The Accounts of the Company**

The Company shall have one or more external auditor appointed by the General Assembly, from the approved list of the Capital Market Authority, which also assesses their annual fees. The external auditor(s) shall supervise and audit the accounts of the fiscal year for which they were appointed.

If the company has more than one auditor, they must prepare a one unified report according to the law.

### **Profit Distribution**

The net profit shall be distributed in the following manner:

1. 10% is allocated to the statutory reserve. The General Assembly may suspend this deduction if the statutory reserve exceeds half the company's capital.
2. 10% shall be allocated to the voluntary reserve. Such deduction shall be stopped by a resolution of the Ordinary General Assembly which should be based on a recommendation from the Board of Directors.
3. Part of the profits, based on a recommendation from the Board of Directors and determined by the General Assembly, shall be deducted to meet the obligations of the Company under the Labor Laws. These funds may not be distributed to the shareholders.
4. The sufficient amount to distribute an initial dividend of 5% of the nominal value of the issued shares is deducted.
5. After the above, a percentage, not exceeding 10%, of the balance amount determined by the General Assembly shall be allocated for the remuneration of the Board of Directors.

- Based on a recommendation from Board of Directors, the rest of the profits shall then be distributed to the shareholders as an additional share of the profits or to be transferred to the next year or allocated to the establishment of an unusual reserve or capital for consumption.

### **Dissolution, Liquidation and liability of the Company for its subsidiaries**

The Company may dissolve by one of the matters provided for in the Companies Law.

The liquidation of the Company's holding shall be conducted in accordance with the provisions of the Companies Law and the amendments thereto and the executive by-law thereof in respect of anything not specifically provided for in the memorandum or articles of association.

### **Regulatory & Supervisory Authorities**

The Company is under the supervision of the Ministry of Commerce and Industry in the State of Kuwait in accordance with the provisions of the Kuwait Companies Law No. 1 of 2016 and its executive regulations.

The Company is required to obtain and maintain the necessary regulatory licenses, permits and approvals in relation to its activities granted by Supreme Committee within Insurance Regulation Unit (IRU) to practice insurance activities. IRU was established in 2019 with the introduction of Kuwait's new insurance law (Law No. 125 of 2019 on the Regulation of Insurance (Insurance Law)).

The Company is also under the supervision of the Capital Markets Authority and Boursa Kuwait as a listed company as per the Law No. 7 of 2010 regarding the establishment of the Capital Markets Authority and regulating securities activities and its executive regulations as amended.

### **Board of Directors and Management**

#### **The Board of Directors of the Issuer**

Pursuant to its Articles of Association, the Issuer's Board of Directors consists of ten directors. The Issuer's Articles of Association provide that each director is elected at an ordinary general meeting of shareholders for a three-year term and is eligible for re-election upon the expiration of such term. The Board of Directors has the power to appoint and remove the Chairman and Chief Executive Officer ("CEO") at any time provided there is a quorum of three directors.

The members of the Board of Directors are set out below. Each Director was re-elected for a term of three years at the Annual General meeting on 23 March 2020. Each Director's business address is P.O. Box 1040, Safat 13011, State of Kuwait.

#### **Farqad Abdullah Al-Sane (Chairman, Age 67)**

- Chairman of Commercial Markets Complexes Company
- Board Member of Kuwait Projects Company (Holding) (KIPCO) Group
- Board Member of United Real Estate Company
- Board Member in ALARGAN INTERNATIONAL REAL ESTATE COMPANY

#### **Faisal Hamad Al-Ayyar (Vice Chairman, Age 67)**

- Chairman of Panther Media Group (OSN), UAE
- Honorary Chairman of Kuwait Association for Learning Differences (KALD), Kuwait
- Vice Chairman (Executive) of Kuwait Projects Company (Holding) K.S.C.P., Kuwait
- Vice Chairman of United Gulf Bank, Bahrain
- Vice Chairman of United Gulf Holding Company, Bahrain
- Vice Chairman of Gulf Insurance Group, Kuwait
- Vice Chairman of Jordan Kuwait Bank, Jordan
- Vice Chairman of Mashare'a Al-Khair Est., Kuwait
- Vice Chairman of Saudia Dairy and Foodstuffs Group of Companies, Kingdom of Saudi Arabia
- Board member of Gulf Egypt Hotels and Tourism Company, Egypt
- Trustee of American University of Kuwait, Kuwait
-

**Khaled Saoud Al Hasan (Member & CEO, Age 68)**

- CEO of Gulf Insurance Group
- Chairman of Kuwait Insurance Federation (KIF), Kuwait
- Board member of several Gulf Insurance Group subsidiaries
- Board member of General Arab Insurance Federation (GAIF), Egypt
- Board member of Arab Reinsurance Company, Lebanon

**Bijan Khosrowshahi (Member, Age 60)**

- President & CEO of Fairfax International, London, UK
- Board member (Representative of Fairfax Financial Holdings Limited) for the following companies:
  - Gulf Insurance Group, Kuwait
  - Gulf Insurance & Reinsurance Company, Kuwait
  - Bahrain Kuwait Insurance Company, Bahrain
  - Arab Misr Insurance Group, Egypt
  - Arab Orient Insurance Company, Jordan
  - Gulf Sigorta, Turkey
  - Alliance Insurance Company, United Arab Emirates
  - Jordan Kuwait Bank, Jordan
  - Commercial International Bank, Egypt
  - Colonnade Insurance, Luxembourg
  - Southbridge Compañía de Seguros Generales, Chile
  - La Meridional Compañía Argentina de Seguros, Argentina
  - SBS Seguros Colombia, Colombia.

**Jean Cloutier (Member, Age 57)**

- Board member of a number of Fairfax Subsidiaries as well as Industry Organizations on behalf of Fairfax

**Quinn McLean (Member, Age 42)**

- Vice President at Hamblin Watsa Investment Counsel, a wholly owned subsidiary of Fairfax Financial
- Board member of Gulf Insurance Group, Kuwait
- Board member of AFGRI Ltd, South Africa
- Board member of APR Energy, United States
- Board member of Fairfax Africa Holdings, Canada

**Abdulaziz Saoud Al Fulaij (Member, Age 92)**

- Runs his company called "Abdulaziz Saud Al-Fulaij Establishment"
- Actively involved in the social and community services in Kuwait

**Abdul Ilah Mohammed Rafie Marafie (Member, Age 67)**

- Chairman of Marafie Group
- Chairman & CEO of First Hotels Co. KSCC

**Abdullah Mohammed Al Mansour (Member, Age 62)**

- Vice Chairman of Al Aman Investment Company
- Worked in top management positions in various banks, including Commercial Bank of Kuwait and Kuwait Finance House
- Board member of various leading companies, including National Investments Company, Kuwait Hotels Company, and CapCorp Investment Company

**Sheikha Dana Nasser Sabah Al-Ahmed Al-Sabah (Member, Age 50)\***

- CEO of Al-Fotouh Holding
- Founder and Chairman of the Board of Trustees of the American University, Kuwait
- Chairman of the United Education Company, Kuwait

\* Amaken United Real Estate Company changed its representative to have Sheikha Dana Nasser Sabah Al-Ahmad Al-Sabah instead of Mr. Mahmoud Ali Al-Sanea as of 1st November 2020

There are no potential conflicts of interest between the duties to the Issuer of the persons listed above and their private interests or other duties.

There are no family relationships among the members of the board of directors.

The number and proportion of the shares owned by each member of the Issuer's Board of Directors as a percentage of its share capital as of 31 December 2020 are as follows:

	Direct		Indirect through portfolio managers		Outstanding stock options Shares
	Shares	%	Shares	%	
<b>Directors</b>					
Abdullah Mohammed Al Mansour	462,619	0.23	-	-	-
Abdulaziz Saoud Al Fulajj	110,249	0.055	-	-	-
Abdul Ilah Mohammed Rafie Marafie	1,076	0.001	-	-	-

### Board of Directors Compensation

Issuer's Board of Directors proposed compensation for the year ended 31 December 2020 is KWD185,000, which was approved in Ordinary Annual General Assembly of the Parent Company's shareholders held on 30 March 2021.

Directors' compensation of KWD 185,000 for the year ended 31 December 2019 was approved by the Ordinary Annual General Assembly of the Parent Company's shareholders held on 23 March 2020.

Issuer's Board of Directors compensation for the year ended 31 December 2019, the expected Board fees for the year ended 31 December 2020 and 2021 are as follows:

Board of Directors Compensation	Board fees for 2019	Expected Board fees for 2020	Expected Board fees for 2021
	Paid in 2020 (KD)	To be Paid in 2021 (KD)	To be Paid in 2022 (KD)
Farqad Abdullah Al-Sane	50,000	50,000	50,000
Faisal Hamad Al-Ayyar	15,000	15,000	15,000
Khaled Saoud Al Hasan	15,000	15,000	15,000
Bijan Khosrowshahi	15,000	15,000	15,000
Jean Cloutier	15,000	15,000	15,000
Quinn McLean	15,000	15,000	15,000
Mahmoud Ali Al Sanea*	15,000	-	-
Sheikha Dana Nasser Sabah Al-Ahmed Al-Sabah*	-	15,000	15,000
Abdulaziz Saoud Al Fulajj	15,000	15,000	15,000
Abdul Ilah Mohammed Rafie Marafie	15,000	15,000	15,000
Abdullah Mohammed Al Mansour	15,000	15,000	15,000

\* Amaken United Real Estate Company changed its representative to have Sheikha Dana Nasser Sabah Al-Ahmad Al-Sabah instead of Mr. Mahmoud Ali Al-Sanea as of 1st November 2020

### Key Management Compensation

The benefits paid or the estimated dues with respect to the key management of the Issuer (parent company) (which include for that purpose the members of the Board of Directors with respect to the services of the special committees and the executive general manager and the other high managers) were as of 31 December 2021 as follows:

Key Management Compensation (KWD)	For the year ended 31 December 2019	For the year ended 31 December 2020	For the year ended 31 December 2020
	Salaries and other short-term benefits	584,892	247,578
Employees' end of service benefits	154,301	600,392	302,748
<b>Total</b>	<b>739,193</b>	<b>847,970</b>	<b>958,340</b>

### Board Confirmation of Financials

The financial results for the periods ending 31 December 2019 and 31 December 2020 have been audited and approved by the Company's General Assembly Meeting of Shareholders. The Company's Board of Directors have been obligated to present the financial results of the Company in accordance with the Companies Law No. 25 of 2012 and its subsequent amendments as repealed and replaced by Law No. 1 of 2016 issuing the Companies Law, and the Board of Directors accepts such responsibility.

### Description of Contracts Entered into Between Directors or any Subsidiaries of the Company

These represent transactions with related parties, i.e. major shareholder, associates, directors and key management personnel of the Group, and entities controlled, jointly controlled or significantly influenced by such parties. Related party balances and transactions consist of the following:

	2019		2020	
	Amounts owed by related parties KWD	Amounts owed to related parties KWD	Amounts owed by related parties KWD	Amounts owed to related parties KWD
<b>Consolidated statement of financial position:</b>				
Directors and key management personnel	330,964	150	56,562	2,868
Other related parties	1,042,903	1,108,589	1,514,696	542,609
	<b>1,373,867</b>	<b>1,108,739</b>	<b>1,571,258</b>	<b>545,477</b>

	2019		2020	
	Premiums KWD	Claims KWD	Premiums KWD	Claims KWD
<b>Transactions:</b>				
Directors and key management personnel	296,896	13,100	209,545	22,792
Other related parties	3,381,297	1,254,900	4,516,787	1,286,728
	<b>3,678,193</b>	<b>1,268,000</b>	<b>4,726,332</b>	<b>1,309,520</b>

\* In addition to the above balances, the Group holds certain deposits and call accounts with related entities under common control amounting to KWD 6,550,178 (2019: KWD 29,194,150). The Group also holds bonds issued by Kuwait Projects Company Holding Company K.S.C and other related entity amounting to KWD 4,821,000 (2019: KWD 4,816,500)

### Contracts with the Company in which any Director has a Personal Interest

Directors and their immediate family conduct business with GIG's subsidiaries as customers on commercial, arm's length terms in the normal course of each subsidiary's business activities. GIG encourages all its employees and directors to make use of such services and has negotiated discounts for all Group employees to encourage them to do so. None of these transactions are for material amounts.

## Executive Management

The table below sets forth certain information with respect to the Executive Management of the Issuer, as of 31 December 2020. The business address of each member of the Executive Management is P.O. Box 1040, Safat 13011, State of Kuwait.

Name	Age	Position	Years with the Group
Khaled Saoud Al Hasan	68	Board Member and Group CEO	42
Farid Joseph Saber	48	Assistant Group CEO (Operations)	4
Osama Kamel Mostafa Aly Kishk	46	Group Chief Financial Officer	4
Sridharan Sundaresan	57	Group Technical Executive Manager - Reinsurance	8
Khaled M. Al Sanousi	49	Group Senior Manager - Corporate Communications & Investor Relations	13
Syed Adil	52	Executive Technical Manager Regional Business Development	3
Rami Selim Al Baraky	45	Group Senior Manager Finance – Treasury & Investment Operations	19
Sherif Abdel Moamen Abdel Sattar Mosa	38	Group Senior Manager Regional Merger & Acquisition and Project Management Office	12
Ahmed Ragab, ACIA	35	Group Manager Group Actuarial and Risk Management	9
Mohamed Ahmed Sayed Ibrahim	37	Group Manager Group Internal Audit	10

There are no potential conflicts of interest between the duties to the Issuer of the persons listed above and their private interests or other duties.

### **Khaled Saoud Al Hasan (KIPCO) - Board Member and Group CEO**

Mr. Al Hasan holds a Bachelor's degree in Political Science and Economics from Kuwait (1976). His professional Insurance and Administrative experience exceed over 30 years in different Executive positions. He joined GIC in 1978. He is currently the Board member and CEO of GIG and the Chairman of Kuwait Insurance Federation "KIF" (Kuwait). He is on the Board of Directors in many of Gulf Insurance Group subsidiaries, General Arab Insurance Federation "GAIF" (Egypt) and the Arab Reinsurance Company (Lebanon).

### **Farid Joseph Saber - Assistant Group CEO (Operations)**

Mr. Farid Joseph Saber is the Assistant Group Chief Executive Officer (Operations) since November 2016. Mr. Saber has a Bachelor of Laws (LL.B.) and a Bachelor in Business Administration from the Lebanese University in Beirut and a Diploma in Insurance (Dip CII). Mr. Saber is an experienced Executive Officer with a demonstrated history of working in the insurance industry in the MENA region. He is also a Member of the Board of Directors at L'Algerienne vie (AGLIC), Gulf Sigorta and Egyptian Life Takaful Co., all subsidiaries of GIG.

**Osama Kamel Mostafa Aly Kishk - Group Chief Financial Officer**

Mr. Osama Kishk has joined the Group in June 2017 as Group Chief Financial Officer. He is responsible for providing leadership and strategic direction to the Group's Finance, Financial Planning & Analysis, Treasury and Investment, and Merger and Acquisition functions and for the integrity and flow of the financial information to the management, the board, shareholders and financial institutions. He also works with the Group CEO in all financial matters at the Group level and its subsidiaries. Mr. Kishk holds an MBA from Maastricht School of Management (MSM) in addition to several professional qualifications from the USA such as Certified Public Accountant (CPA), Certified Risk Professional (CRP), Certified Internal Auditor (CIA), and Certified Associate Business Manager (CABM). Mr. Kishk has over 23 years of experience in the Finance, Accounting, Treasury, Investment and Auditing related fields.

**Sridharan Sundaresan - Group Technical Executive Manager (Reinsurance)**

Mr. Sridharan Sundaresan is Group Technical Executive Manager responsible for Technical Reinsurance functions at Group level heading Technical Committees and Working Groups. Mr. Sridharan holds Master of Arts in Sociology and Master of Business Administration (Marketing) from India. He is a Fellow Member of the Insurance Institute of India (FIII); and Associate of the Chartered Insurance Institute (ACII, Chartered Insurer), UK. He is also holding Chartered Property and Casualty Underwriter (CPCU) and Associate in Reinsurance (ARe) from The Institutes, USA.

**Khaled M. Al Sanousi - Group Senior Manager (Corporate Communications & Investor Relations)**

Mr. Sanousi holds a Bachelor of Science in Business Administration from the University of National and World Economy in Sofia, Bulgaria. He started his career as a Diplomat, eventually moving to the commercial world in 2004. In 2008, He joined Gulf Insurance as the Head of Marketing & PR. He played a vital role in transforming the department to what is now known as Group Corporate Communications & Investor Relations in which he developed the GIG brand and unified it across all Group companies in the MENA region. Also, by overseeing Group Investor Relations, Mr. Sanousi practices transparency and efficiency in the Group's relationship with its investors and stakeholders. He is actively involved in creating opportunities in which the Group can benefit in the communities it operates in. GIG's CSR activities span from youth to education and numerous other initiatives.

**Syed Adil - Executive Technical Manager (Regional Business Development)**

Mr. Syed Adil re-joined Gulf Insurance Group in 2017 as an Executive Technical Manager, his responsibilities entail two functions (i.e. Iraq Operations and Regional Business Development). He has a Bachelor of Commerce Degree with Majors in Finance and Marketing. He has been working in the Insurance Industry since 1991, in various countries in MENA region under different capacities. Mr. Syed Adil attended several Insurance Workshops/ Courses in MENA and UK. He hosted a number of Insurance Seminars in MENA region for Marine Underwriting/ Claims.

**Rami Selim Al Baraki - Group Senior Manager (Finance – Treasury & Investment Operations)**

Mr. Rami Selim Al Baraki holds a Bachelor's degree of Commerce in Accounting from Mansoura University, Egypt. He is responsible for the Group consolidated financial statements and applying the Group's accounting policies and implementing international accounting standards, in addition he oversees GIG's Capital Structure, Treasury, investment reporting and Takaful Unit Operations, and recommends to the Board the Capital Structure type that the Company needs to have for both Short Term (working capital) and Long Term purpose (capital investments) in line with GIG's plans for future acquisitions and expansions. Mr. Al Baraki is also a member of the Board of Directors and Audit Committee of GIG- Egypt.

**Sherif Abdel Moamen Abdel Sattar Mosa - Group Senior Manager (Regional Merger & Acquisition and Project Management Office)**

Mr. Sherif Abdel Moamen Mousa holds a Bachelor Degree of Commerce in Accounting from Ain Shams University – Egypt. In 2013 he has been awarded the designation of International Certified Valuation Specialist (ICVS) from the IACVA Institute – Middle East. He is the manager of M&A and PMO department, which is concerned to participate in formulating GIG's strategic expansion plan and to execute it through the merger and acquisitions of insurance companies and exploring the insurance markets and investment opportunities. In addition, he lead the project management across the Group and acted as business partner between the operational initiatives and its financial implications on the Group. Mr. Mousa is also a board member of GIG–Turkey as well as a committee member in risk and audit committees of GIG-turkey.

**Ahmed Ragab, ACIA - Group Manager (Group Actuarial and Risk Management)**

Mr. Ahmed Ragab is a graduate with Honors in Actuarial Science from Cairo University – Egypt and is an Associate Actuary (ACIA) from the Canadian Institute of Actuaries – Canada. Additionally, he was awarded the designation of International Certified Valuation Specialist (ICVS) from the IACVA Institute – Middle East in 2014. As a Group Manager, he is responsible for managing the Group risk portfolio along with developing the actuarial practices across the Group companies. During 2018, he worked at Fairfax – Canada as Actuarial Analyst for evaluating subsidiaries' reserves, analyzing the operational performance, supporting the actuarial pricing team and streamlining various actuarial processes. Mr. Ragab is also a Risk Committee member at Buruj Cooperative Insurance Company – KSA. With his team, he plays a vital strategic role in the development of risk and actuarial functions with operational excellence across the region.

**Mohamed Ahmed Sayed Ibrahim - Group Manager (Group Internal Audit)**

Mr. Mohamed Ibrahim is responsible for leading the audit functions for GIG as he has a proven record through establishing and reengineering the audit functions in several Group companies, he also has extensive hands-on experience in the governance, control and compliance frameworks and applications. Mr. Mohamed Ibrahim holds a Bachelor's degree of commerce in accounting from Cairo University, and is also a member of the Institute of Internal Auditors - USA, and an associate of the Association of Certified Fraud Examiner - USA. He is also awarded the International Certificate in Compliance with distinction of International Compliance Association (ICA- UK). Prior to joining GIG, Mr. Mohamed Ibrahim held various auditing roles with well-known international firms, such as KPMG and RSM.

**Employees**

As at 31 December 2020, the Issuer had 2,377 employees.

**Corporate Governance**

The Issuer has formed various committees for the implementation of corporate governance practices as follows:

**Audit Committee**

The Audit Committee has been established by the Board of Directors under Corporate Governance Regulations issued by Capital Market Authority, Kuwait. The purpose of the Committee is to carry out the main responsibilities relating to:

- Review the financial statements periodically before submitting to the Board of Directors and submit its opinions and recommendations in this regard to the Board of Directors and ensure transparency and fairness in the financial reports.
- The audit committee shall submit its recommendations to the board regarding appointment and reappointment of the external auditor, as well as determining and changing their fees, taking into account when recommending, that independence is ensured and reviewing their engagement letter.

- Monitoring the external auditor's performance, to ensure that they are not providing services to the Group except for services required by the audit profession.
- Consider the external auditor's observations regarding the financial statements and following-up on its status.
- Consider the accounting policies followed and provides its opinion and recommendation to the board regarding it.
- Evaluate the adequacy of the internal control systems in the Group and prepares a report including the opinion and recommendation of the committee in this regard.
- Supervising the internal audit department in the Group in order to verify the extent of its effectiveness in performing its prescribed duties defined by the Board of Directors.
- Recommend the recruitment, shifting and termination of the chief internal auditor, and evaluate his performance and the performance of the internal audit department.
- Revision and adaptation of the proposed audit plan, which is prepared by the internal auditor and provides its opinion on the same.
- Reviewing the results of internal audit reports and ensures that the corrective procedures have been taken regarding the observations which are contained in the report.
- Reviewing the results of the regulatory authorities reports and ensures that the necessary procedures have been taken in this regard.
- Ensure the Group is complying with the regulations, policies, and instructions that are of relation to it.

#### **Committee Composition:**

- Chairman of the committee: Abdul Ilah Mohammed Rafie Marafi
- 
- Member of the committee: Jean Cloutier
- Member of the committee: Abdullah Mohammed Al Mansour

#### **Nomination & Remuneration Committee**

The Nomination & Remuneration Committee is constituted by the Board of Directors and has been delegated the main responsibilities, authorities and duties with respect to:

- Recommending nominations and re-nominations for the membership of the board of directors and executive management.
- Annual review of the requirements for appropriate skills, in order to attract applicants seeking to fill executive position as needed, studying and reviewing these applications.
- Preparing job descriptions for the executive, non-executive and independent members.
- Recommending independent members for nomination and re-nomination through election from the general assembly and ensure the existence of independence for the independent member in the Board of Directors.
- Establishing a clear policy for the remuneration of the board members and senior executives.
- The periodic review (annual) of the remunerations policy and evaluation of its efficiency in achieving the objectives expected from it, such as attracting and maintaining highly qualified and technical labor that improve the Group's performance.
- Ensure that the appropriate level of training is provided to the board of director's members as well as the executive management members.

#### **Committee Composition**

- Chairman of the committee: Abdullah Mohammed Al Mansour
- Member of the committee: Khaled Saoud Al Hasan
- Member of the committee: Abdul Ilah Mohammed Rafie Marafi

## **Risk Management Committee**

The Risk Management Committee is constituted by the Board of Directors and has been delegated the main responsibilities, authorities and duties with respect to:

- Preparing and reviewing the strategies and policies of risk management before it being approved by the Board of Directors and ensuring the execution of these strategies and policies and the same is consistent with the nature and size of the Group's activity.
- Providing sufficient resources and adequate systems for the risk management department.
- Evaluate the systems and mechanisms for identifying and monitoring various risks that the Group may be exposed to, in order to determine the weaknesses in this regard.
- Assist the Board of Directors in identifying and assessing the acceptable level of the risks to ensure that the Group does not breach this level of the risk after approval from the Board of Directors.
- Reviewing the organization structure of the risk management department and submitting its recommendations in this regard, prior to the Board of Directors approval.
- Ensuring that the staff of the risk management department are independent from the activities that leads to risk exposure.
- Ensuring that the staff of the risk management department completely understand the risks surrounding the Group and work on increasing awareness of the employees regarding the risk culture.
- Preparing periodic reports regarding the nature of the risks that the Group may be exposed to and submitting the same to the Board of Directors.
- Reviewing the related issues raised by the audit committee which may affect managing the Group's risks.

### **Committee Composition:**

- Chairman of the committee: Abdul Ilah Mohammed Rafie Marafi
- Member of the committee: Jean Cloutier
- Member of the committee: Abdullah Mohammed Al Mansour

## Key Subsidiaries and Investments

### Gulf Insurance and Reinsurance Company (“GIG – Kuwait”)

GIG – Kuwait was established in the State of Kuwait by GIG in 2007 with the name of Gulf Life Insurance Company K.S.C (Closed) (“GLIC”) to operate in Life and Medical business. It started operations as a separate legal entity on 1 January 2008 after obtaining the necessary license from the Kuwaiti authorities. In 2013, GIG restructured itself to a semi holding company to oversee all of the group companies and its domestic insurance business including the non-life insurance portfolio which was transferred to GLIC. GLIC changed the license to practice all insurance activities (composite insurer) effective July 2014 and changed its legal name to Gulf Insurance & Reinsurance Company K.S.C (Closed) (“GIRI”) . In 2017, GIRI transformed their brand name to Gulf Insurance Group-Kuwait (GIG-Kuwait). This change was in collaboration with all Gulf Insurance Group subsidiaries for a unified and streamlined identity.

As at 31 December 2020, the Issuer's direct effective interest in GIG - Kuwait was 99.8 per cent and the paid-up share capital was KD 18.0 million. For the year 31 December 2020, GIG – Kuwait contributed 57.1% to total group consolidated GPW.

GIG - Kuwait's registered office is at Ahmed Al Jaber Street, Sharq Area, Block 5, Building no. 25, Kuwait City P.O. Box 24518, Safat 13106, State of Kuwait.

GIG – Kuwait offers a full range of life and non-life insurance including medical, motor, causality, property, and marine to both retail and commercial customers in the State of Kuwait. For the year 31 December 2020, Life and Medical lines of businesses contributed 83.2 per cent to GIG – Kuwait's total GPW, followed by motor (6.4 per cent).

GIG -Kuwait is the first insurance company to lead the life and health insurance business in the local market. It is currently the largest insurance company in Kuwait in terms of gross written premiums and retained premiums in the life, health and auto insurance sectors. It is the first insurance company in Kuwait and in the region to issue various insurance policies online and provide online health claims approval.

GIG – Kuwait operates 11 branches across the State of Kuwait and has a head count of 398 employees.

### Financial Summary:

	As at and for the year ended 31 December 2020	As at and for the year ended 31 December 2019	As at and for the year ended 31 December 2018
	KD million		
Total assets.....	370.8	319.7	200.8
Gross Premium written.....	253.7	216.2	190.1
Net underwriting income.....	12.0	7.9	7.9
Net Profit .....	11.7	9.3	8.6

- Gross premiums written ("GPW") increased from KD 216.2 million in 2019 to KD 253.7 million in 2020 representing growth of 17.4 per cent mostly driven from the medical line. For the year ended 31 December 2019, Premiums written increased by 13.7 per cent to reach KD 216.2 million as compared to KD 190.1 million for the year ended 31 December 2018 driven from the medical and engineering lines.
- Net underwriting income increased from KD 7.9 million in 2019 to KD 12.0 million in 2020, which represents an increase of 52.0 per cent majorly due to increased GPW coupled with decline in acquisition costs. Net underwriting income decreased marginally for the year ended 31 December 2019 to KD 7.89 million as compared to KD 7.95 million for year ended 31 December 2018. The

marginal decline was mainly due to high increase in net claims incurred, acquisition cost and other expenses, offset by 12.5 per cent growth in revenues.

- Net profit increased from KD 9.3 million in 2019 to KD 11.7 million in 2020, an increase of 25.7 per cent. The increase in the net profit was mainly due to improved underwriting performance. GIG – Kuwait recorded a net profit of KD 9.3 million for the year ended 31 December 2019 as compared to KD 8.6 million for the year ended 31 December 2018. Increase was led by better underwriting performance coupled with an increase in investment return.

#### 4.9.1. Bahrain Kuwait Insurance Company (B.S.C.) (“GIG – Bahrain”)

Bahrain Kuwait Insurance Company (B.S.C.) (“BKIC”) was established in 1976 with joint Bahraini and Kuwaiti capital. By virtue of its shareholding structure, the company enjoys national status in Bahrain as well as Kuwait, the only company to enjoy such privilege. GIG acquired a 21.4 per cent. stake in BKIC in December 2005, which was increased to 51.2 per cent. in 2008 and to 56.1 per cent. as at December 2010. In 2017, BKIC transformed their brand name to Gulf Insurance Group-Bahrain (GIG-Bahrain) in collaboration with all Gulf Insurance Group subsidiaries for a unified and streamlined identity.

During 2017, BKIC acquired 67.28 per cent of Takaful International Company (TIC). In December 2018, GIG – Bahrain increased its ownership in the company to reach 81.94 per cent.

As at 31 December 2020, the Issuer's direct effective interest in GIG – Bahrain was 56.1 per cent and the paid-up share capital was BD 14.3 million. For the year 31 December 2020, GIG – Bahrain contributed 15.6% to total group consolidated GPW.

The company operates in all classes of insurance business. For the year 31 December 2020, Property, Engineering and General Accidents contributed 66.5 per cent to GIG – Bahrain’s total conventional GPW. In the Takaful portfolio the largest contributor was Motor business (39 per cent) followed by Life and Medical business (35 per cent).

GIG– Bahrain is the leader of the Bahraini insurance market in terms of gross written premiums.

GIG– Bahrain’s registered office is at BKIC Tower 2775, road 2835, block 428, Seef District, Kingdom of Bahrain. It operates 5 branches in Bahrain and a branch office in the State of Kuwait and has a headcount of 164 employees.

#### Financial Summary:

	<b>As at and for the year ended 31 December 2020</b>	<b>As at and for the year ended 31 December 2019</b>	<b>As at and for the year ended 31 December 2018</b>
	KD million		
Total assets.....	163.1	167.2	143.7
Gross Premium written.....	69.2	65.8	65.4
Net underwriting income.....	5.6	4.2	4.0
Net Profit .....	3.1	2.3	2.6

- Gross premiums written ("GPW") increased from KD 65.8 million in 2019 to KD 69.2 million in 2020 representing growth of 5.2 per cent primarily driven by the property business. For the year ended 31 December 2019, Premiums written increased marginally by 0.6 per cent to reach KD 65.8 million as compared to KD 65.4 million for the year ended 31 December 2018 driven from the property line of business.

- Net underwriting income increased from KD 4.2 million in 2019 to KD 5.6 million in 2020, which represents an increase of 33.7 per cent majorly due increased underwriting income from the motor business. Net underwriting income increased marginally by 6.6 per cent for the year ended 31 December 2019 to KD 4.2 million as compared to KD 4.0 million for year ended 31 December 2018.
- Net profit increased from KD 2.3 million in 2019 to KD 3.1 million in 2020, an increase of 36.9 per cent. GIG - Bahrain recorded a net profit of KD 2.6 million for the year ended 31 December 2019 as compared to KD 2.3 million for the year ended 31 December 2018. Increase was led by better underwriting performance coupled with the decrease in net claims paid.

### Arab Orient Insurance Company (“GIG – Jordan”)

Arab Orient Insurance Co. was established in 1996 as a public shareholding Jordanian company. It is licensed to underwrite all general insurance business and offers a number of insurance solutions including Medical, Motor, Property, Engineering, General Accidents, Marine and Aviation. Medical Insurance draws the maximum composition of premiums having a share of approximately 58 per cent in the year 31 December 2020 followed by Motor, Property, Engineering & General Accidents.

For the year 31 December 2020, GIG – Jordan contributed 8.0% to total Group consolidated GPW. The Issuer first acquired a 42.0 per cent stake in GIG – Jordan in 2009 and as at 31 December 2019, the Issuer's direct effective interest in GIG – Jordan was 90.4 per cent and the paid-up share capital was JOD 21.4 million

GIG – Jordan is the leader in the Jordanian insurance market in terms of gross written premiums and net profit.

GIG-Jordan's headquarters is based in Jabal, Amman. It has 8 branches across the Hashemite Kingdom of Jordan. The company's headcount is 369 employees.

### Financial Summary:

	<b>As at and for the year ended 31 December 2020</b>	<b>As at and for the year ended 31 December 2019</b>	<b>As at and for the year ended 31 December 2018</b>
	KD million		
Total assets.....	55.3	53.0	47.0
Gross Premium written.....	35.5	36.7	36.3
Net underwriting income.....	4.6	3.3	1.2
Net Profit .....	2.5	1.8	(1.0)

- Gross premiums written ("GPW") decreased from KD 36.7 million in 2019 to KD 35.5 million in 2020 representing decline of 3.4 per cent primarily due to decline in motor business. For the year ended 31 December 2019, Premiums written increased marginally by 1.2 per cent to reach KD 36.7 million as compared to KD 36.3 million for the year ended 31 December 2018 driven by growth of Motor business being partially offset by the decline in medical business.
- Net underwriting income increased from KD 3.3 million in 2019 to KD 4.6 million in 2020, which represents an increase of 40.2 per cent majorly due increased underwriting income from the motor & medical business. Net underwriting income increased by 163.3 per cent for the year ended 31 December 2019 to KD 3.3 million as compared to KD 1.2 million for year ended 31 December 2018. The positive performance is as a result of fall in net claims mainly related to Medical business & total expenditure of the company.

- Net profit for the year increased from KD 1.8 million in 2019 to KD 2.5 million in 2020, an increase of 38.8 per cent due to improved underwriting performance supported by the investment income. GIG –Jordan recorded a net profit of KD 1.8 million for the year ended 31 December 2019 as compared to a loss KD 1.0 million for the year ended 31 December 2018. Increase was led by improved underwriting performance coupled with the decrease in net claims paid.

### Gulf Sigorta (“GIG – Turkey”)

Gulf Sigorta was established in 2013 as a non-life Turkish joint stock insurance company under the name of “Turins Sigorta”. In 2016, GIG acquired 90 per cent stake in Turnis Sigorta and changed the company’s name to “Gulf Sigorta”. In 2017 GIG acquired 100 per cent stake in AIG Sigorta and merged it with Gulf Sigorta. GIG re-branded Gulf Sigorta’s to GIG – Turkey to be in line with the group’s brand strategy. For the year 31 December 2020, GIG – Turkey contributed 6.2% to total Group consolidated GPW.

As at 31 December 2020, the Issuer's direct effective interest in GIG – Turkey was 99.2 per cent and the paid-up share capital was TRL 181.2 million.

GIG – Turkey operates in both non-life corporate and individual insurance lines. Property, Engineering & General Accidents Insurance draws the maximum composition of premiums having a share of approximately 84 per cent as of 31 December 2020.

It has 5 branches across Turkey. GIG – Turkey is head quartered in Istanbul and has a headcount of 256 employees.

### Financial Summary:

	<b>As at and for the year ended 31 December 2020</b>	<b>As at and for the year ended 31 December 2019</b>	<b>As at and for the year ended 31 December 2018</b>
	KD million		
Total assets.....	62.6	59.7	54.9
Gross Premium written.....	27.5	28.7	32.7
Net underwriting income.....	0.5	0.5	(1.5)
Net Profit .....	3.4	3.0	2.9

- Gross premiums written ("GPW") decreased from KD 28.7 million in 2019 to KD 27.5 million in 2020 representing decline of 4.4 per cent majorly due to fall in the premiums of Motor & General Accidents in light of the COVID-19 pandemic and taking into consideration the devaluation of Turkish Lira against Kuwaiti Dinar of average 19.7% in 2020. For the year ended 31 December 2019, Premiums written also decreased by 12.1 per cent to reach KD 28.7 million as compared to KD 32.7 million for the year ended 31 December 2018 primarily due to foreign currency translation losses.
- Net profit for the year increased from KD 3.0 million in 2019 to KD 3.4 million in 2020, an increase of 12.0 per cent. The increase in the net profit during the year was mainly due to fall in net claims paid coupled with higher investment returns. Gulf Sigorta net profit increased marginally by 5.3 per cent to KD 3.0 million for the year ended 31 December 2019 as compared to a profit of KD 2.9 million for the year ended 31 December 2018.

### Arab Misr Insurance Group (“GIG – Egypt”)

Arab Misr Insurance Group was established in 1993 as an Egyptian Non-Life insurance company. It is a member of the Egyptian Insurance Federation. In 2005, the Issuer acquired 94.9 per cent of Arab Misr Insurance Group and changed the company name and trademark to GIG – Egypt to be in line with the group’s brand strategy in 2017.

For the year 31 December 2020, GIG – Egypt contributed 5.9% to total Group consolidated GPW. As at 31 December 2020, the Issuer's direct effective interest in GIG – Egypt was 99.0 per cent and the paid-up share capital was EGP 315mn million.

GIG – Egypt offers all non-life insurance solutions; Property, Engineering & General Accidents contributed in excess of 64 per cent to the total GPW in year 31 December 2020.

GIG – Egypt has 23 branches across Egypt. It is head quartered in Heliopolis and has a headcount of 312 employees.

### Financial Summary:

	As at and for the year ended 31 December 2020	As at and for the year ended 31 December 2019	As at and for the year ended 31 December 2018
	KD million		
Total assets.....	49.7	40.6	30.5
Premium written.....	26.2	20.4	18.4
Net underwriting income.....	1.5	1.1	1.3
Profit for the year.....	3.3	2.9	2.7

- Gross premiums written ("GPW") increased from KD 20.4 million in 2019 to KD 26.2 million in 2020 representing increase of 28.3 per cent majorly due to premium growths of Property business. For the year ended 31 December 2019, Premiums written increased by 10.9 per cent to reach KD 20.4 million as compared to KD 18.4 million for the year ended 31 December 2018. Growth was primarily driven by the acquisition of several large accounts.
- Net underwriting income increased by 32.5 per cent from KD 1.1 million in 2019 to KD 1.5 million in 2020, majorly due to increased underwriting income from the engineering business. Net underwriting income for the year ended 31 December 2019 decreased by 10.4 per cent to KD 1.1 million as compared to KD 1.3 million for year ended 31 December 2018.
- Net profit increased from KD 2.9 million in 2019 to KD 3.3 million in 2020, an increase of 12.6 per cent, driven by improved underwriting performance. GIG-Egypt net profit increased by 7.5 per cent to KD 2.9 million for the year ended 31 December 2019 as compared to a profit of KD 2.7 million for the year ended 31 December 2018. The growth in net profit is collectively supported by the improvement of technical results along with investment income.

### L'Algrienne des Assurances (“GIG – Algeria”)

L'Algrienne des Assurances is an Algerian joint stock company established in 1998 and authorized to perform general insurance activities. A majority stake (51.0 per cent) of the company was acquired by GIG in 2015. As at 31 December 2020, the Issuer's direct effective interest in GIG – Algeria was 51.0 per cent and the paid-up share capital was DZD 2 billion.

GIG – Algeria operates in all non-life lines except for medical. Motor Insurance draws the maximum composition of premiums having a share of approximately 56 per cent in year 31 December 2020.

GIG – Algeria has 8 branches across country; with the head quarter located in Hussein Dey. The company's headcount is 248 employees.

For the year 31 December 2020, GIG – Algeria reported a GPW of KD 11.1 million, 2.5 per cent of total Group consolidated GPW.

#### **Egyptian Life Takaful Company (“GIG – Egypt Life Takaful”)**

GIG-Egypt (Life Takaful) is a joint Takaful Insurance Company that operates as a Life insurer, established in 2006. The company is regulated by the Egyptian Financial Supervisory Authority (EFSA) and Sharia Supervisory Committee. A 59.5 per cent stake of the company was acquired by GIG along with Arab Misr Insurance Group (GIG-Egypt) in 2010.

As at 31 December 2020, the Issuer's direct effective interest in GIG – Egypt Life Takaful was 61.3 per cent and the paid-up share capital was EGP 200 million.

GIG – Egypt Life Takaful has 7 branches across the country; with the head quarter located in Heliopolis. The company's headcount is 426 employees.

For the year 31 December 2020, GIG – Egypt Life Takaful reported a GPW of KD 15.2 million, i.e. 3.4 per cent of total Group consolidated GPW. All of these GPW was generate from life and medical lines.

#### **Syrian Kuwaiti Insurance Company (“GIG – Syria”)**

Syrian Kuwaiti Insurance Company (GIG - Syria) is a Syrian joint stock company operates as a composite insurer, established in 2006. GIG owns 54.4 per cent (direct and indirect stake) of the company.

Syria operates with paid-up capital of SYP 1.06 Billion. The company operates through its headquarters in Damascus, along with 3 other branches across the country. The company's headcount is 61 employees.

#### **Dar Al Salam Insurance Company (“GIG – Iraq”)**

Dar Al Salam Insurance Company (GIG - Iraq) was established in 2000 as the first privately owned Insurance company in Iraq. The group owns 79.9 per cent (direct stake) of the company. GIG-Iraq operates with paid up capital of IRD 7 Billion.

It practices all insurance activities (composite insurer) through its headquarter in Baghdad, along with 2 other branches in Iraq. The company's headcount is 14 employees.

#### **Fajr Al Gulf Insurance and Reinsurance (“GIG – Lebanon”)**

Fajr Al Gulf Insurance and Reinsurance (GIG - Lebanon) was established in 1991 in Lebanon as a Lebanese shareholding company. On August 2003 the company merged with International Trust Insurance Co. The Group owns 92.7 per cent (direct and indirect stake) of the company. GIG -Lebanon operates with a paid-up capital of LBP 7.14 Billion.

It practices all insurance activities (composite insurer) through its headquarters in Beirut. The company's head count is 4 employees.

#### **Capitalization and Borrowings**

The following table sets forth GIG's capitalization\*, as well as pro-forma figures post Capital Increase. The financial information as at 31 December 2020 (actual) has been extracted from the Issuer's audited consolidated financial statements as at 31 December 2020:

KD million	31 December 2020  (Actual)	31 December 2020  (Post Capital Increase)  (Pro-forma for Rights Issue in Jan 2021)	31 December 2020  (Post Capital Increase)  (Pro-forma for current Rights Issue)
<b>Shareholder's Equity</b>			
Share capital	18.7	20.1	28.5
Share premium	3.6	9.3	50.9
Treasury shares	(0.4)	(0.4)	(0.4)
Treasury shares Reserves	3.1	3.1	3.1
Statutory Provision	18.7	18.7	18.7
Voluntary Provision	29.3	29.3	29.3
Cumulative changes in fair values	(2.8)	(2.8)	(2.8)
Foreign currency translation adjustment	3.6	3.6	3.6
Changes in FMV of Properties	(25.2)	(25.2)	(25.2)
Other Reserves	14.9	14.9	14.9
Retained earnings	54.0	54.0	54.0
Minority Interest	27.9	27.9	27.9
<b>Total Shareholders' Equity</b>	<b>145.3</b>	<b>152.5</b>	<b>202.5</b>
<b>Liabilities</b>			
Total liabilities arising from insurance contracts	461.3	461.3	461.3
Premium received in advance	3.2	3.2	3.2
Insurance payable	127.2	127.2	127.2
Long Term Loans	-	-	-
Other Liabilities	63.6	63.6	63.6
Bank Overdraft			
<b>Total liabilities</b>	<b>655.4</b>	<b>655.4</b>	<b>655.4</b>
<b>Total Capitalization*</b>	<b>800.7</b>	<b>807.9</b>	<b>857.9</b>

\*Capitalization is a total of shareholders equity and liabilities

## Profit Distributions by the Company

Issuer's dividend distribution trend for the last five years as follows:

<b>Dividend distribution</b>	<b>For the year ended 31 December 2016</b>		<b>For the year ended 31 December 2017</b>		<b>For the year ended 31 December 2018</b>		<b>For the year ended 31 December 2019</b>		<b>For the year ended 31 December 2020</b>	
<b>Date of approval</b>	30	March	29	March	29	March	23	March	30	March
	2017		2018		2019		2020		2021	
<b>Cash dividend (fils)</b>	40		30		36		38		Nil	
<b>Dividend payout ratio (per cent.)</b>	59.7%		53.3%		54.1%		51.6%		-	

## Selected Financial Information

### General

The selected financial information below has been extracted from, and should be read in conjunction with, and is qualified in its entirety by reference to the Group's consolidated financial statements and the notes thereto as at and for the years ended 31 December 2020, 31 December 2019 & 31 December 2018.

Unless otherwise stated, the consolidated financial position data as at 31 December 2018 and the consolidated income statement data for the year ended 31 December 2018 has been extracted from the Group's audited consolidated financial statements for the financial year ended 31 December 2019. The consolidated financial position data as at 31 December 2019 and 31 December 2020 and the consolidated income statement data for the years ended 31 December 2019 and 31 December 2020 has been extracted from the Group's audited consolidated financial statements for the financial year ended 31 December 2020.

Each of the directors of the Company confirms that they have committed themselves to ensuring that the financial statements of the Company included in this Prospectus have been compiled in accordance with the provisions of the Companies Law and that each of the directors accept responsibility for the information contained in such financial statements.

### Consolidated Income Statement

For the year ended 31 December 2020, total consolidated Gross Premiums Written ("**GPW**") was KD 444.4 million compared to KD 394.1 million for the year 31 December 2019. The increase of 12.8 per cent was driven by the conventional business of GIG – Kuwait, due to renewal of key policies and policy premium growth. Consolidated net underwriting income increased 29.2 per cent to KD 28.0 million in 2020 from KD 21.6 million in 2019 as a result of improved underwriting performance of GIG – Kuwait's conventional business. GIG reported a net profit attributable to equity holders of the parent of KD 16.3 million for the year ended 31 December 2020, an increase of 22.4 per cent over KD 13.3 million for the year ended 31 December 2019, primarily due to improvement of Group's underwriting results and Group's share of results from its subsidiaries.

In the year ending 31 December 2019 GPW increased 8.1 per cent from KD 364.6 million in 31 December 2018 to KD 394.1 million, mainly driven by premium growth of a large retiree's policy in GIG – Kuwait. Net underwriting income increased notably by 37.8 per cent from KD 15.7 million in 31 December 2018 to KD 21.6 million in 31 December 2019, mainly attributed to improved underwriting performance in GIG – Jordan coupled with decline in net claims incurred in GIG – Turkey. GIG reported a net profit attributable to equity holders of the parent of KD 13.3 million in 31 December 2019, an increase of 12.2 per cent over KD 11.9 million in 31 December 2018 as a result of better underwriting results being offset by relatively low investment returns.

The following table sets out extracts from the Group's consolidated income statements for the three financial years ended 31 December 2018, 31 December 2019 and 31 December 2020.

## Consolidated Statement of Income

	As at 31 December 2020	As at 31 December 2019	As at 31 December 2018
	<i>KD million (except per share data)</i>		
<b>Revenues:</b>			
Premiums written	444.4	394.1	364.6
Reinsurance premiums ceded	(251.9)	(211.4)	(193.5)
<b>Net premiums written</b>	<b>192.5</b>	<b>182.7</b>	<b>171.2</b>
Movement in unearned premiums	0.6	(0.3)	(7.6)
(Decrease) Increase in life mathematical reserve	(6.1)	(1.0)	1.5
<b>Net premiums earned</b>	<b>187.0</b>	<b>181.3</b>	<b>165.0</b>
Commission received on ceded reinsurance	19.1	17.8	17.1
Policy issuance fees	2.6	3.2	3.6
Net investment income from life insurance	2.1	3.1	0.3
	<b>210.8</b>	<b>205.3</b>	<b>186.0</b>
<b>Expenses:</b>			
Claims incurred	128.8	128.7	119.1
Commission and discounts	22.5	22.5	20.6
(Decrease)/Increase in additional reserve	0.0	0.0	0.0
Maturity and cancellations of life insurance policies	2.6	5.4	4.1
General and administrative expenses	29.0	27.2	26.4
	<b>182.9</b>	<b>183.7</b>	<b>170.3</b>
<b>Net underwriting income</b>	<b>28.0</b>	<b>21.6</b>	<b>15.7</b>
Net investment income	10.0	8.6	10.1
Net sundry income	2.7	2.5	3.5
	<b>40.6</b>	<b>32.7</b>	<b>29.3</b>
<b>Other charges:</b>			
Unallocated general and administrative expenses	(16.3)	(13.5)	(12.7)
<b>Profit before tax</b>	<b>24.3</b>	<b>19.2</b>	<b>16.6</b>
Contribution to KFAS	(0.3)	(0.1)	(0.1)
National Labour Support tax (NLST)	(0.3)	(0.3)	(0.3)
Zakat tax	(0.1)	(0.1)	(0.1)
Director's fees/ Subsidiary Tax	(3.4)	(3.4)	(1.4)
<b>PROFIT FOR THE PERIOD</b>	<b>20.1</b>	<b>15.3</b>	<b>14.7</b>
<i>Attributable to:</i>			
Equity holders of the parent company	<b>16.3</b>	<b>13.3</b>	<b>11.9</b>
Non-controlling interests	3.8	1.9	2.8
<b>Basic and diluted EPS (fils)</b>	<b>85.4</b>	<b>71.7</b>	<b>66.5</b>

The following table sets out the Group's consolidated GPW broken down by segments as at 31 December 2020, as at 31 December 2019 (See note 21 of the Issuer's audited consolidated financial information for the year ending 31 December 2020), and as at 31 December 2018 (See note 21 of the Issuer's audited consolidated financial information for the year ending 31 December 2019):

	<b>As at 31 December 2020</b>	<b>As at 31 December 2019</b>	<b>As at 31 December 2018</b>
<i>KD million</i>			
<b><u>Gross Premiums written (GPW)</u></b>			
<b>General Risk Insurance</b>	<b>179.3</b>	<b>176.6</b>	<b>166.6</b>
Marine & Aviation	10.2	10.8	10.6
Motor Vehicles	55.1	60.3	58.3
Property	58.7	49.3	41.1
Engineering	28.4	29.9	32.7
General Accidents	26.8	26.2	23.9
<b>Life &amp; Medical Insurance</b>	<b>265.1</b>	<b>217.5</b>	<b>198.0</b>
Life	22.4	19.2	16.3
Medical	242.8	198.3	181.8
<b>Total GPW</b>	<b>444.4</b>	<b>394.1</b>	<b>364.6</b>

The following table sets out the Group's consolidated net underwriting income broken down by segments as at 31 December 2020, as at 31 December 2019 (See note 21 of the Issuer's audited consolidated financial information for the year ending 31 December 2020), and as at 31 December 2018 (See note 21 of the Issuer's audited consolidated financial information for the year ending 31 December 2019):

	<b>As at 31 December 2020</b>	<b>As at 31 December 2019</b>	<b>As at 31 December 2018</b>
<i>KD million</i>			
<b><u>Net Underwriting Income</u></b>			
<b>General Risk Insurance</b>	<b>10.1</b>	<b>8.5</b>	<b>5.2</b>
Marine & Aviation	1.8	2.4	1.7
Motor Vehicles	3.3	(3.0)	(3.1)
Property	2.2	4.5	0.6
Engineering	2.0	1.7	2.3
General Accidents	0.8	2.9	3.7
<b>Life &amp; Medical Insurance</b>	<b>17.9</b>	<b>13.2</b>	<b>10.5</b>
Life	0.7	3.2	1.6
Medical	17.2	9.9	8.9
<b>Net Underwriting Income</b>	<b>28.0</b>	<b>21.6</b>	<b>15.7</b>

## Consolidated Financial Position Data

The following sets out: (i) the Group's consolidated financial position data as at 31 December 2018 extracted from the Issuer's audited consolidated financial statements as at and for the financial year ended 31 December 2019; and (ii) the Group's consolidated total assets as at 31 December 2019 and 31 December 2020, in each case extracted from the Issuer's audited consolidated financial information as at and for the financial year ended 31 December 2020.

### Consolidated Assets:

As at 31 December 2020, the consolidated total assets of the Group were KD 800.7 million, an increase of 4.9 per cent compared to KD 763.2 million in 31 December 2019. Cash in hand and at bank constituted 14.3 per cent of consolidated total assets while Reinsurance recoverable on outstanding claims accounted for 35.3 per cent of consolidated total assets as of 31 December 2020. Investments in associates accounted for 5.4 per cent of consolidated total assets. Financial Instruments accounted for 16.8 per cent of consolidated total assets while Premium and Insurance balances receivable represented 16.5 per cent of consolidated total assets as at 31 December 2020.

As at 31 December 2019, the consolidated total assets of the Group amounted to KD 763.2 million, representing an increase of 34.6 per cent compared to KD 567.1 million as at 31 December 2018. Cash in hand and at bank constituted 16.6 per cent of consolidated total assets while Reinsurance recoverable on outstanding claims accounted for 32.4 per cent of consolidated total assets as at 31 December 2019. Investments in associates accounted for 5.7 per cent of consolidated total assets as at 31 December 2019. Financial instruments accounted for 15.0 per cent of consolidated total assets as at 31 December 2019. Premium and Insurance balances receivable represented 18.7 per cent of consolidated total assets as at 31 December 2019.

	As at 31 December 2020	As at 31 December 2019	As at 31 December 2018
	<i>KD million</i>		
Property and equipment	38.2	37.4	29.3
Investments in associated companies	43.5	43.4	43.3
Intangible assets	15.1	15.1	15.1
Financial Instruments	134.7	114.6	105.9
Loans secured by life insurance policies	0.9	1.1	1.3
Premiums and insurance balances receivable	132.2	142.6	109.9
Reinsurance recoverable on outstanding claims	282.4	247.3	131.0
Property held for sale	8.3	6.2	5.0
Other Assets	31.2	28.5	28.9
Cash & Cash Equivalents	114.3	126.9	97.6
<b>Total Assets</b>	<b>800.7</b>	<b>763.2</b>	<b>567.1</b>

The following table sets out the Group's consolidated total assets broken down by segments as at 31 December 2020 and as at 31 December 2019 (See note 21 of the Issuer's audited consolidated financial information for the year ending 31 December 2020), as at 31 December 2018 (See note 21 of the Issuer's audited consolidated financial information for the year ending 31 December 2019):

	As at 31 December 2020	As at 31 December 2019	As at 31 December 2018
	<i>KD million</i>		
General Risk Insurance	542.5	514.6	356.6
Life & medical insurance	132.5	111.2	103.1
Unallocated	125.7	137.4	107.4
<b>Total Assets</b>	<b>800.7</b>	<b>763.2</b>	<b>567.1</b>

#### Consolidated Liabilities and Equity:

The consolidated total liabilities of the Group increased to KD 655.4 million as at 31 December 2020 from KD 628.3 million as at 31 December 2019. Consolidated total liabilities as at 31 December 2020 comprised of Outstanding Claims Reserves (56.6 per cent. of total liabilities), insurance payables (19.4 per cent. of total liabilities) and Unearned Premiums Reserves (8.6 per cent of total liabilities).

The consolidated total liabilities of the Group increased from KD 454.7 million as at 31 December 2018 to KD 628.3 million as at 31 December 2019. Consolidated total liabilities as at 31 December 2019 comprised of Outstanding Claims Reserves (50.9 per cent. of total liabilities), insurance payables (20.0 per cent. of total liabilities) and Unearned Premiums Reserves (9.5 per cent of total liabilities).

	As at 31 December 2020	As at 31 December 2019	As at 31 December 2018
	<i>KD million</i>		
<b>Total Liabilities</b>	<b>655.4</b>	<b>628.3</b>	<b>454.7</b>
Outstanding Claims Reserves	371.2	319.9	195.4
Unearned Premiums Reserves	56.2	59.5	59.5
Life Mathematical Reserves	33.0	26.4	24.5
Insurance Payable	127.2	125.7	75.3
Long-term Loans	-	35.3	-
Other Liabilities	67.8	61.5	100.0
<b>Total Equity</b>	<b>145.3</b>	<b>134.8</b>	<b>112.4</b>
Equity attributable to equity holders of the Issuer	117.4	108.8	89.1
Non-controlling Interest	27.9	26.0	23.3

The following table sets out the Group's consolidated total liabilities broken down by segments as at 31 December 2020 and as at 31 December 2019 (See note 21 of the Issuer's audited consolidated financial information for the year ending 31 December 2020), as at 31 December 2018 (See note 21 of the Issuer's audited consolidated financial information for the year ending 31 December 2019):

	As at 31 December 2020	As at 31 December 2019	As at 31 December 2018
	<i>KD million</i>		
General Risk Insurance	446.9	424.5	285.1
Life & medical insurance	152.8	121.9	105.9
Unallocated	55.6	82.0	63.8
<b>Total Liabilities</b>	<b>655.4</b>	<b>628.3</b>	<b>454.7</b>

## Key Financial Ratios

The following table sets out certain key ratios calculated with results derived from the Financial Statements. These ratios are not calculated based on IFRS and are not IFRS measures of financial performance.

Net combined ratio declined from 94.6 per cent as at 31 December 2019 to 93.1 per cent as at 31 December 2020, primarily due to decrease in net loss ratio from 71.0 per cent in 31 December 2019 to 69.7 per cent in 31 December 2020. This is mainly resulting from Medical and Motor lines, which experienced a decline in net claims incurred relative to the net premium earned as a result of the outbreak of COVID 19 and the preventive measures applied in the respective countries.

In the year ending 31 December 2019, net combined ratio decreased from 97.5 per cent in 31 December 2018 to 94.6 per cent primarily due to 2.2 per cent decrease in the net expense ratio (as a result of lower doubtful debts). Net loss ratio too decreased from 72.2 per cent to 71.0 per cent.

For the year ended 31 December 2020, Return on Equity (“**ROE**”) increased to 14.4 per cent from 13.5 per cent in For the year ended 31 December 2019. For the year ending 31 December 2019, ROE declined marginally by 0.4 per cent to 13.5 per cent.

	As at 31 December 2020	As at 31 December 2019	As at 31 December 2018
<b>Performance Ratios</b>			
Net Loss Ratio	69.7%	71.0%	72.2%
Net Acquisition Ratio	1.8%	2.6%	2.1%
Net Expense Ratio	21.6%	21.0%	23.2%
Net Combined Ratio	<b>93.1%</b>	<b>94.6%</b>	<b>97.5%</b>
<b>Performance Ratios</b>			
ROE	14.4%	13.5%	13.9%
ROA	2.6%	2.3%	2.7%

## Further information

For further detail on the financial information of the Group, please see: (i) the notes to the 2019 Annual Financial Statements, and (ii) the notes to the 2020 Annual Financial Statements, each of which are set out in full under “Financial Information”.

## Previous Issuances by the Company

Type of Issuance	Year	Date of registration at commercial registrar	Number of shares issued	Total value of issuance (KWD)	Net value of issuance (including nominal value and issuance premium) (KWD)
Capital at Incorporation	1962	7 April 1962	100,000	800,000	800,000
Bonus Shares	2012	13 May 2012	8,906,630	890,663	890,663
Bonus Shares	2011	15 September 2011	8,482,250	848,250	848,250
Bonus Shares	2010	7 October 2010	59,650,000	5,965,000	5,965,000
Ordinary Shares	2020	7 February 2021	14,200,000	1,420,000	7,100,000

## Legal Cases

The Company (including its subsidiaries) is not a party to any governmental proceedings, administrative proceedings, litigation or arbitration proceedings (whether these proceedings are pending or potential and the Company is aware of them against the Companies or its subsidiaries or by the Company or by its subsidiaries) which may have or had in the recent past implications materially affecting the financial position of the Company and its profits.

## Material Contracts

The Company (including its subsidiaries) did not enter into any of the Material Contracts outside its normal activity during the two years preceding the date of submitting the application for approval of this Prospectus. Nor has it relied on any specific customers or suppliers or on any patent rights or other intellectual property rights, licenses or special contracts, any of which have a major importance in the activity of the issuing company.

## Risk Factors

*Prior to investing in any Issue Shares, prospective investors should carefully consider, together with all other information contained in this Prospectus, the risk factors described below. The Company believes that the factors described below represent the principal risks inherent in investing in the Issue Shares but these risk factors are not exhaustive and other considerations, including some which may not be presently known to the Company, or which the Company currently deems to be immaterial, may impact on any investment in the Issue Shares.*

## Risks Relating to the Company's Activities and its Operates

***Developing markets are subject to greater risks than more developed markets, including significant political, social and economic risks***

The following table sets out the geographical break-down of the Company's revenue and Total asset as at and for the year end 31 December 2020 based on the Company's audited consolidated financial statements for same financial year:

	<b>Revenue</b> (In per cent.)	<b>Total Assets</b> (In per cent.)
Kuwait.....	55.3	59.6
Rest Of GCC.....	12.2	11.7
Rest Of MENA.....	32.6	28.7
Total.....	100.0	100.0

A significant proportion of the Company's revenues are generated in the State of Kuwait. There can be no assurance that economic conditions in the State of Kuwait will remain robust nor that a significant deterioration in these economic conditions will not impact the financial performance of the Company. The economy of the State of Kuwait is largely driven by revenues from oil exports and as such is exposed to volatility in oil prices. The Government's policies to diversify the economy away from its reliance on oil as the single major revenue source have generally resulted in improved economic performance, there can be no assurance that such performance will be sustained.

The Company's financial performance can be adversely affected by political, economic and related developments not only from within the State of Kuwait, but also to a lesser extent from within the countries of the Gulf Cooperation Council ("**GCC**") (which comprises Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates) and the political and economic instability in surrounding countries, such as Turkey, Syria, Iraq, and the countries of North Africa. Although not unique to the region, Kuwait, the GCC region and surrounding countries are exposed to specific risks that may have a material impact on the business carried out by the Company, its operating results and its financial condition.

Amongst those specific risks is the possibility of:

- Political and social instability;
- Downturn in economic conditions;
- External acts of warfare, civil clashes and terrorist activity;
- Natural disasters; and
- Regulatory, taxation and legal structure changes

Over the last few years political uncertainty and armed conflict continues to persist across Yemen, Iraq, Syria and Libya. The countries in question are affected in particular by political and social instability and external acts of warfare and civil clashes. Neighboring countries such as Turkey and Lebanon are receiving large numbers of refugees fleeing the conflict, resulting in increased pressure on their public services. Political uncertainty and sectarian violence in the region could have a material adverse effect on the Company's business, financial condition, results of operations and prospects. Kuwait and most of the other countries in the Gulf have thus far been largely immune from disruption from such activity. However, despite the authorities' rapid response and intensified intelligence and prevention activities, there is no assurance that the issues experienced elsewhere in the region will not impact the areas in the Gulf where the Group operates.

### **Risks related to insurance activity**

#### ***Risks related to financial market disruptions***

The business and results of operations of the Company and its subsidiaries and the market price of the Issue Shares are influenced by economic and market conditions in Kuwait and, to a varying degree, economic and market conditions in the global markets generally. Global financial crises and volatility in the emerging markets in the past have adversely affected market prices in the world's securities markets for companies that operate in developing economies. Even if the Kuwaiti economy remains relatively stable, financial turmoil in the emerging markets and globally could have a material adverse effect on the Company and its subsidiaries' business, financial condition, results of operations or prospects and the market price of the Issue Shares.

### **Risks related to renewal of the required licenses**

The Company is required to obtain and maintain the necessary regulatory licenses, permits and approvals in relation to its activities. Such licenses are granted by Supreme Committee, within Insurance Regulation Unit (IRU), to practice insurance activities. IRU was established in 2019 with the

introduction of Kuwait's new insurance law (Law No. 125 of 2019 on the Regulation of Insurance (Insurance Law). The Supreme Committee is also responsible for ensuring industry players meet international standards and determining fund levels to be kept by insurance and reinsurance companies.

The IRU can suspend or revoke a company's insurance license for violations of any provisions of the Insurance Law (Articles 52 and 55, Insurance Law). The IRU can suspend a company's insurance license in the following circumstances (Article 52, Insurance Law):

- If the company fails to comply with any provisions of the Insurance Law, the Implementing Regulations, the Companies Law, or any other law.
- If the company fails to abide by a legally enforceable judgment.
- If the company fails to place a guarantee deposit with a bank operating in Kuwait (under Article 30 of the Insurance Law), or if the value of that deposit falls below the minimum limit under Article 30 and the difference is not settled within a 60-day period.
- If the company is late in complying with its payment obligations under the Implementing Regulations.
- If the IRU determines that the rights of policyholder are at risk.
- If the company fails to comply with the requirements for exercising insurance activities under the Insurance Law.

The Supreme Committee can revoke a company's license in the following situations (Article 55, Insurance Law):

- Its registration violates the Insurance Law and its Implementing Regulations.
- The company has unenforced judgments against it.
- It has failed to transfer policies as requested.
- It is declared bankrupt.
- It was suspended more than once in two years.
- It does not rectify the violations for which it was suspended.

The Company's license may be suspended or terminated if the Company fails to meet and comply with such requirements. If the Company fails to renew its current licenses or obtain any of its business licenses; if any of the Company's licenses are suspended or expired; if such licenses were renewed with unsuitable terms for the Company; or the Company fails to obtain the additional licenses that may be required in the future, then the Company may discontinue or refrain from engaging in its business, e.g. by closing some of the branches and points of sales. This would lead to a disruption of the Company's operations and to its incurring of more costs, which would have an adverse impact on the Company's financial position, operations and the results thereof.

### **Risks related to contracts with related parties**

The Company has entered into a range of insurance contracts (insurance policies) with related parties, including some of its Directors, and key management personnel, for a total amounts owed by related parties of KWD1.6 million as at 31 December 2020.

In addition to the above, as of 31 December 2020, the Company holds certain deposits and call accounts with related entities under common control amounting to KWD6.6 million and holds bonds issued by Kuwait Projects Company Holding Company K.S.C and other related entity amounting to KD 4.8 million.

### **Risks related to contracts with third parties**

The Company has concluded contracts and agreements with other parties in the insurance industry, such as insurance claims settlement contracts, insurance agencies contracts, reinsurance contracts, as well as other service contracts such as IT contracts and staff training contracts. The Company depends on the potential and abilities of such parties to meet their obligations under the terms and conditions of their contracts and agreements. There is no certainty that these parties will meet the Company's expectations. If the Company or the contracted parties fail to comply with the terms of such

contracts or if any future disputes or claims occur and the Company loses such disputes or claims, its financial position, cash flows, prospects, operations and the results thereof will be adversely affected.

### **Risks related to reliance on brokers and agents**

The Company relies on brokers and agents as major distributors for marketing its products. Gross written premiums (GWPs) through direct distribution channels represented 67.0% of GWPs as of 31 December 2020, while GWPs through brokers and agents represented 25.6% of GWPs for the same period. Any interruption or termination of arrangements with Intermediaries would have some negative impact on the sales of the Company's products, leading to negative impact on the Company's business, operations and the results thereof.

### **Risks related to dependence on key personnel**

Key personnel of the Company play an important role in the success of the Company's business. Its success and future prospects will depend to a large extent on its ability to recruit and retain high quality personnel and find replacements for departing key personnel.

Despite providing encouraging remuneration, compensation and training to its staff, there can be no assurance that the Company can retain their services or increase their skill levels. The Company has long-term incentive plans for long-term retention of its personnel and attract new well-qualified staff. In addition, employment contracts lack some preventive terms and conditions (including but not limited to non-competition, etc.), all of which may make it difficult to retain some employees. The business of the Company may be adversely affected by the loss of the services of one or more members of key personnel, which could lead to a disruption of the Company's operations and adversely impact the Company's business products, financial condition, operations and results thereof.

### **Risks related to employee misconduct and error**

The Company cannot guarantee that it can always deter or prevent events of employee misconduct or error such as fraud, intentional or unintentional errors, embezzlement, theft, forgery, abuse of property and acting on its behalf without obtaining the due administrative authorizations. This may increase the risks of lack of regulation governing the behavior of employees and labor policies in the Company. As a result, employee misconduct or error could result in consequences and liabilities incurred by the Company, regulatory sanctions, financial liability and/or serious damage to the reputation of the Company. Hence, the Company cannot guarantee that employee misconduct or error will not materially and adversely affect its financial condition, operations and results thereof.

### **Risks related to inadequate capital and minimum capital requirements**

The Company's capital adequacy remains a key risk due to its impact on credit ratings and the Group's ability to absorb shocks with safety margins, as compared to regional peers. Various actions were executed in 2020 to mitigate risks related to capital adequacy such as fresh capital injection of KWD 7.1 million which was finalized during Jan 2021, de-risking of investment portfolio, improving reinsurance credit quality, exit plans for non-strategic investments and non-distribution of dividends for the year 2020.

In the future, the Company may need to increase its capital to expand its business and comply with capital adequacy and solvency margin requirements to remain in a competitive position. Future increases of the capital are subject to approvals by the regulators, such as the Insurance Regulatory Unit (IRU), the Ministry of Commerce and Industry (MOCI) and the Company's Shareholders Assembly. If the Company does not obtain such approvals, it may be prevented from maintaining its growth and compliance with the aforementioned regulatory requirements, which would have a material and adverse impact on the Company's business and financial results.

### **Risks related to access to adequate financing**

The Company's ability to obtain sources of financing for its business depends on several factors, including factors related to its ability to obtain the regulatory approvals, its financial condition and

creditworthiness. In the future, if the Company needs to inject a large amount to finance expansion of its activities and products or improve its solvency, it may face difficulties in obtaining sources of financing and, if obtained, they may have unfavorable costs and terms. If the Company needs to increase its capital to obtain additional financing, the ownership percentages of the current Shareholders may decrease. In the future, difficult access to adequate financing may adversely impact the Company, its financial performance and business plan.

### **Risks related to liquidity & investments**

The Company's operations and results thereof will partially depend on the performance of its investment portfolio. Investment results are subject to a number of investment risks, including risks associated with general economic conditions, market fluctuations, volatility of interest rates, liquidity and credit risks, and political conditions. A key risk is the expected mismatch in cash inflows and outflows along with the pressure of the current macroeconomic indicators on new business streams. The Company plans to mitigate these risks with new financial agreements and long-term facilities, accelerating premium collections and exit strategies for the non-strategic investments.

### **Risks related to adequacy of provisions and reserves**

Insurance and reinsurance technical reserves include Outstanding Claims reserve ("OCR"), Unearned Premiums Reserve ("UPR"), Life Mathematical Reserve ("LMR") and Incurred but Not Reported Reserve ("IBNR"). As at 31 December 2020, the insurance and reinsurance technical reserves are significant to the Group's total liabilities.

The determination of these reserves involves significant judgment over uncertain future outcomes, including primarily the timing and ultimate full settlement of long-term policyholder liabilities. The Group uses valuation models to support the calculations of the insurance and reinsurance technical reserves. The complexity of the models may give rise to errors as a result of inadequate/ incomplete data or the design or application of the models.

Economic assumptions such as investment return and interest rates and actuarial assumptions such as mortality, morbidity and customer behavior, along with Group's historical claims data are key inputs used to estimate these long-term liabilities.

The sizes of the reserves depend on future estimates which might prove to be inadequate for any period. The Company might have an adverse impact of technical results for some LOBs and Claims and reserving risks (especially for pandemics like COVID-19). Mitigation plans for these risks include development of internal Actuarial functions, strengthening risk appetite and UW guidelines, monitoring emerging risks and regular reserve review on different levels.

### **Risks related to acquisition of insurance portfolios**

If the Company wishes to acquire an insurance portfolio in the future, IRU's final approval on the terms and conditions of the agreement for the sale and transfer of the insurance portfolio must be obtained (Article 48(1), Insurance Law). The Insurance Law specifies that an application made by a company to transfer insurance policies must be published in the Official Gazette and two local daily newspapers (Article 48(3)). If the IRU approves the transfer, the decision must be published in the Official Gazette (Article 49(1)). The Company may pay amounts more than the book value, which would affect its profitability and may adversely impact the Company's financial condition.

### **Risks related to business concentration**

The Company's business concentrates on medical insurance, which represent 54.6 per cent of GWPs as of 31 December 2020 while the rest of the GWP comes from Motor, Engineering, Property, Life, General Accidents and Marine & Aviation. In addition, the Company's largest account, AFYA contributed 35.3 per cent to total GPW in the year 31 December 2020. If a large drop in the volume of contracted transactions with any major client or agent the Company is dealing with occurs, such a drop would adversely impact the Company's performance, operations and results thereof.

Motor insurance and property insurance are highly competitive sectors, and if the Company is unable to expand its customer base in such activities or diversify its products in the future, its financial condition, operations and results thereof would be adversely impacted.

### **Risks related to reinsurance**

The insurance companies, in their normal course of business, depend on re-insurance agreements concluded with reinsurers to risks arising from insurance coverage. Reinsurance is a specialized business in which reinsurance companies often charge premiums to provide reinsurance coverage. In case of global or regional incidents affecting insurance premiums may rise, which may lead to a negative impact on the profitability of the Company. It should also be noted that even though the Company obtains reinsurance for its insurance portfolio, it remains liable for the transferred risks to the extent that the reinsurer fails to meet its obligations. Therefore, failure of the reinsurers to meet their financial obligations may have a material negative impact on the Company's operations.

There is also a risk that the Company may not be able to obtain reinsurance services in the market in the future, particularly from companies operating outside Kuwait in the event that a disruption occurs in the reinsurance market for any reason, which would materially and adversely affect the Company's business. Insolvency of any reinsurers with whom the Company is dealing now or will contract with in future, or lack of ability or willingness to pay the due amounts in a timely manner, or failure to comply with the provisions of reinsurance agreements with such parties would materially and adversely affect the Company's financial condition, operations and the results thereof.

The Company has a strong reinsurance panel, most of which are high rated reinsurance companies, supporting GIG's underwriting capabilities. The Company's reinsurance utilization has remained consistent at 53.1%, 53.6% and 56.7% over the years 2018, 2019 and 2020, respectively.

### **Risks related to miscalculation of risks**

The Company studies potential risks before issuing insurance policies to the applicants. However, if the Company underestimates the potential risks upon issuance of insurance policies, it will suffer financial losses, and its performance will be adversely impacted in the future.

### **Risks related to cancellation or non-renewal of insurance policies**

The Company operates in a competitive insurance market. The Company may not be able to continue renewing insurance policies issued or to be issued in the future as expected. In case of non-renewal or cancellation of policies by policyholders, the level of written premiums of the Company in the coming years would be negatively and materially affected, which would affect the Company's business and the results thereof.

### **Risks related to the functions and meetings of Board Committees**

The Company's by-laws and Corporate Governance Regulations have established certain restrictions regarding the formation of committees of the Board of Directors and the number of their meetings. The Company's Board of Directors consists ten members - one executive member, nine non-executive members (including three independent members). All members of the board are professionals with a proven track record of board membership in various companies. They possess the necessary skills for this position, in addition to knowledge and experience of the insurance industry. All members of the board are elected through the general assembly every three years and the members have been reelected in 2020. However, Amaken United Real Estate Company changed its representative to have Sheikha Dana Nasser Sabah Al-Ahmad Al-Sabah instead of Mr. Mahmoud Ali Al-Sane as of 1st November 2020. The Board of Directors meetings take place by the attendance of the majority of the members. In the financial year ending in 31<sup>st</sup> of December 2020 ten board meetings were held.

Pursuant to Governance Regulations for Insurance Companies, non-compliance with the requirements of the regulations will be deemed a violation of the Insurance Law and IRU and the conditions for licensing and may expose the Company to sanctions which would have an adverse impact on the Company's financial condition, operations and results thereof.

### **Risks related to operation and IT systems**

The business of the Company is highly dependent on the ability of the operational systems and information technology systems. The new normal poses various operational risks, IT risks, cyber risks, process controls, and internal governance risk. The flow of short-term regulations in response to the crisis adds more pressure on companies. New digital processes are being developed, however its efficiency/controls are not yet evaluated. Such systems may be exposed to risks of malfunction, including system crashes, failures, and breaches of security, viruses, human errors, natural disasters, fire, and errors of communication and lack of the skilled labor necessary for the operation and management of such systems. If a significant malfunction or failure occurs repeatedly, it will negatively affect revenues and the Company will not be able to issue its periodical financial reports in a timely manner, which may expose it to investigation and penalties, which would affect its operating results.

The Company plans to mitigate these risks through continuous monitoring on the progress with subsidiaries, developing new Risk Assessment Tools/Reports and comprehensive IT Risk Assessment across the group

### **Risks related to credit rating**

Moody's A3 Insurance Financial Strength Rating (IFSR) (as of 3rd of December 2020), S&P's A- rating (as of 24th of February 2021) and A.M Best Ratings "A" (Excellent) rating (as of 4th of December 2020) reflects its leading position in its target markets as well as its well-established brand recognition in the region. However, the coronavirus outbreak may pose significant challenges to its non-Kuwaiti MENA operations which account for around 40% of the Group's operations. While these operations outside of Kuwait have maintained strong operating performances, the countries of these operations are characterized by weak operating environments which are more vulnerable to the pandemic, like COVID-19. Furthermore, volatility in financial markets will negatively impact the Group's profitability, capital adequacy and financial leverage, while the expected delays in premium recoveries will exert pressure on the Group's liquidity position.

Reinsurance is placed with counterparties that have a good credit rating and concentration of risk is avoided by following policy guidelines in respect of counterparties' limits that are set each year by the board of directors and are subject to regular reviews. At each reporting date, management performs an assessment of creditworthiness of reinsurers and updates the reinsurance purchase strategy, ascertaining suitable allowance for impairment.

### **Risks related to risk management policies**

The Company has robust Enterprise Risk Management across all operations, with a unified ERM framework which has been embedded in the decision making. Existence of ERMs and BRCs across the Group, dual oversight at group and entity levels, effective link with strategies and operations, effective link with financial planning and budgeting, regular follow-up and monitoring across the Group and technical trainings on risk-related activities, ensures proactive risk-based decision-making processes, supported with objectivity, scenario analysis and realistic plans.

Unification of risk tools and practices across the Group (e.g. Risk reporting, KRIs dashboards etc.), unification of risk appetite frameworks, optimizing new technologies and risk systems, organizing group meetings with a closer integration and enhancing credit qualities on multiple levels ensures integrated group companies' ERMs under one unified approach.

However, The Company's policies, procedures and internal controls may not be fully effective in all cases and conditions, which may cause the company not to obtain adequate information to properly estimate risk exposure. As a result, the Company's financial condition and operating results may be materially and adversely affected by the consequent increase in risk exposure.

### **Risks related to disputes and litigation**

In the conduct of its operations, the Company may be exposed to lawsuits and claims related to its insurance operations, and disputes and claims related to insurance coverage. The Company cannot guarantee that no disputes will arise with some of its policyholders, which may lead to lawsuits before

the competent judicial authorities brought by or against the Company. As a result, the Company may be exposed to legal claims made by government bodies and departments and investigations within the framework of new controls on the insurance sector. The Company cannot anticipate the results of such claims as they are made and does not guarantee that such claims would not have a material effect on its financial condition and results of operations. The company cannot accurately anticipate the cost of legal claims or proceedings that may be brought by or against it or the final results of such claims or judgments passed in respect thereof, including damages and penalties. Therefore, any negative results of such lawsuits would negatively affect the Company.

#### **Risks related to failure to develop and expand**

The Company's development strategy is to establish and develop insurance projects in the region. The ability to implement this strategy depends on the management methodology of its business development process at the competitive level in the market as well as external factors related to government regulations and decisions issued by regulatory departments and its competitors. The Company's success in developing its insurance activity cannot be guaranteed. Failure by the Company to implement its expansion plans would have an adverse effect on its continuity, especially in light of strong competition from other insurance companies, which, in turn, would impact the results of its operations and financial condition.

#### **Risks related to increase in doubtful debts**

As of 31 December 2020, the Company has a total premiums and insurance balances receivables totaling KWD 132.2 million out of which KWD 7.6 million is accumulated for more than 365 days. Failure by the Company to implement a serious and effective collection policy would have an adverse effect on the Company's business, prospects, operations, financial condition and/or share price and results thereof.

#### **Risks related to brand protection**

The Company has high brand recognition with unified branding across the region. On a fourth row, the Company successfully won "Insurance Brand of the Year, Kuwait" award from World Branding Awards. The company has a trademark registered at the Ministry of Commerce under category (36) thirty-six related to private insurance services. However, the Company's ability to market its insurance products and develop its business depends on the use of its name and logo. If the Company fails to prevent violation of its rights in this regard, such failure will negatively impact the brand and make the Company's operations more expensive, affecting its operating results. The Company's business will be further affected if it has to compete with similar brands within the major markets in which it operates and does not have registered ownership rights.

#### **Risks related to Zakat differences**

Contribution to Zakat is calculated at 1% of the profit of the Group in accordance with the Ministry of Finance resolution No. 58/2007 effective from 10 December 2007. However, the Company may be exposed to liabilities arising from differences in the method of calculating the amount of Zakat.

#### **Risks related to vacancy of key Company positions**

The Company does not have any vacant key positions as of the date of this prospectus. However, if any of the key positions becomes vacant, the Company's productivity will be negatively impacted by any delay in hiring persons with the competence and experience required for candidates for such positions and would negatively impact the Company's ability to implement its strategies.

#### **Risks related to currency exchange rates**

The Company's financial assets are primarily denominated in the same currencies as its insurance and investment contract liabilities, which mitigate the foreign currency exchange rate risk. All assets are covering liabilities under each foreign currency. The currency risk is effectively managed by the

Company through financial instruments as well as the Company's Asset Liability Management model. No material impact on profitability and equity is envisaged from exchange rate movements. If the Company receives any amounts from the sales of its products or conducts any transactions in a foreign currency, it may be exposed to risks related to currency exchange rates. If significant fluctuations in exchange rates occur, this would negatively impact the Company's financial performance.

### **Risks related to changes in significant accounting standards and new standards**

The Company's financial statements are prepared in accordance with the international accounting standards for financial reports. In this case, the Company is required to comply with any amendments or changes to these standards from time to time. Therefore, any changes in these standards or the compulsory application of some of the new standards will affect the financial statements and, consequently the Company's financial results and financial condition.

### **Risks Relating to the Region in which the Company Operates**

#### **Legal systems in the State of Kuwait and other Gulf Cooperation Council countries continue to evolve, creating an unstable environment for investment and business**

The State of Kuwait and many countries of the Gulf Cooperation Council are going through different stages of developing their legal and supervisory institutions that characterize the most developed countries. As a result, procedural protection measures as well as formal regulations and laws may not be applied consistently, and at times may not be possible to obtain legal measures provided under relevant laws and regulations at the required time. Since the legal environment remains subject to continuous development, investors in the State of Kuwait and the Gulf Cooperation Council countries may face ambiguity in terms of the safety of their investments. Also, any unexpected changes in the legal systems in the State of Kuwait and the Gulf Cooperation Council may have a negative material impact on the rights of shareholders or investments made by the issuing company or may make in the future, and therefore this may have a material negative impact on the business of the Issuer, its legal status, results of its business and prospects.

### **Risks related to insurance market growth**

The growth rate of the regional insurance market may not be as high and sustainable as currently anticipated by the Company. Further, the coronavirus pandemic and low oil prices may negatively affect the economies and insurance markets of the GCC. The Company faces the risk of increased financial market volatility and potential fall in real estate valuations.

### **Risks related to competition**

New tendering law is now being enforced in Kuwait, which opens the doors for international companies to compete in any new tender. The Company is likely to find itself operating in an increasingly competitive environment with increase in the number of licensed insurance companies in Kuwait. The competitive position of the Company will be based on many factors, including financial strength, the geographical scope of its business, business relations with customers, the premiums charged, the terms and conditions of policies issued, the services and products offered, the Company's ability to design insurance programs according to the requirements of the market, quick payment of claims, the Company's reputation, experience and efficiency of the staff and their presence in the local market.

There can be no assurance that the Company will be able to achieve or maintain any particular level of premiums in this competitive environment. The increased competitive pressures may materially and adversely affect the business of the Company, its prospects and financial condition by:

- Reducing margins and spreads.
- Hindering the growth of the Company's customer base.
- Reducing market share.
- Increasing turnover of management and sales personnel.
- Elevating operating expenses, such as sales and marketing expenses.
- Increasing policy acquisition costs.

### **Risks related to consumer confidence**

Consumer confidence in the insurance sector is vital to the industry's strength. Any drop in consumer confidence in the insurance industry will result in higher cancellations of insurance policies and refund of money, which would adversely affect the Company's sales of these products, and accordingly affect its financial condition.

### **Risks related to the insurance business cycle**

The global insurance industry has undergone periodic changes with significant fluctuations in operating results due to competition, catastrophic events, economic and social conditions and other factors beyond the control of companies working in the insurance industry. That may result in periods of price competition due to the excess of supply, and other periods during which companies will receive better premiums. In addition, the increase in the recurrence and magnitude of losses that affect the insured can have a significant impact on the mentioned business cycle. It is expected that the Company's insurance business cycles will be adversely affected as a result of these factors.

### **Risks related to lack of control over prices**

The Company is committed to follow the guidance of the actuary reports and IRU's instructions on pricing insurance policies, which may require changes in the prices of the Company's policies. If one of the Company's products has a high price, the Company will be unable to attract new customers and lose its current customers to other companies. Any future change in prices will affect the Company's market share as well as its sales, operations and the results thereof.

### **Legal and regulatory systems**

Legal and regulatory systems may create an unsuitable environment for the insurance sector in the Middle East and North Africa region, which is in the process of developing its governmental apparatus as well as its legal and regulatory systems, but it is not in the same position as governmental institutions in Western Europe and the United States of America. Kuwait, in addition to other countries in the Gulf Cooperation Council region, has put in place measures to enhance efficiency and effectiveness within its legal and supervisory systems. Among these measures, the State of Kuwait and countries within the Gulf Cooperation Council bear the obligations arising from the General Agreement on Tariffs and Trade (GATT) (as defined by the World Trade Organization). As an example, the State of Kuwait has already enacted legislation to extend the scope of foreign ownership. However, the State of Kuwait may witness changes in its economy and government policies (including but not limited to policies related to the continued extension of foreign ownership rights under Kuwait's emerging obligations towards the General Agreement on Tariffs and Trade / World Trade Organization) in a manner that may affect the business of the Issuer.

The changes in government policy and the interpretation of legislative and supervisory texts that are applicable to the insurance sector in the markets in which the Issuer operates may have a negative impact on the activity of the Issuer, its reputation, the costs of its activities, and its ability to make new investments or liquidate existing assets, which in turn affects the financial position of the Issuer.

The Issuer operates directly or through subsidiary companies and entities established in several legal and legislative systems. The local legislation of these systems may negatively affect the activity of the Issuer. This may, for example, lead to an increase in competition due to the issuance of additional licenses or changes in licensing terms that affect the activities of the Issuer or its profitability. It may also impose on the Issuer restrictions or limits related to ownership or the scope of activities.

### **The insolvency regime in Kuwait is relatively untested with limited guidance as to how the legislative framework will be applied in practice by the courts in Kuwait**

All claims or rights claimed by shareholders in the shares to be issued or their representatives, without any discrimination, are equal to the existing shares of the Issuer. In the event of bankruptcy of the Issuer, the provisions of bankruptcy of Law No. 71 of 2020 and the provisions for enforcement on the assets of the Company, may negatively affect the ability of the Issuer to fulfill its obligations towards shareholders or return the money of shareholders. In the event of bankruptcy, any claims of the

shareholders of the Company shall be classified in accordance with the law in favor of the state, government, tax and labor agencies, mortgagee creditors and other all creditors of the Issuer.

Also, obtaining a final bankruptcy judgment in Kuwait may take several years. Therefore, there is no assurance that shareholders will ever receive the full value of their claims in the event of bankruptcy of the Issuer.

Cognizance should be had to the current Kuwait bankruptcy regime being replaced by a new Kuwait insolvency law (Law No. 71 of 2020) (the “**New Insolvency Law**”) which is due to come into full force and effect upon the expiry of three months after the date of the publication of the implementing regulations to the New Insolvency Law. The implementing regulations were published on 25 April 2021.

### **Force Majeure**

Unexpected changes may occur that impede the Issuer’s fulfillment of its obligations with respect to current and planned operations in the future. Cases of force majeure include, for example, the occurrence of accidents, the outbreak of wars, revolutions, riots, civil disobedience, judiciary events, fate, natural disasters, strikes, or labor disputes. There is no guarantee that the Issuer’s financial performance will continue in the future.

The financial performance of the Issuer since its inception has been supported by the strong economic conditions in Kuwait and the GCC region during that period against the backdrop of relative political stability and the continuous rise in oil prices. There can be no guarantee that the financial performance of the Issuer will continue in the future, or that the growth and stability of the markets in which the Issuer operates and invests in will continue. In view of the interrelationships between global financial markets, investors should note that the Issuer’s activity and financial performance could be negatively affected by political, economic and other related developments, both within and outside the GCC and Middle East regions. In the event that the issuing company is not able to provide satisfactory or appropriate investment returns on an ongoing basis, existing customers may decide to reduce or liquidate their investments.

The Issuer continues to develop its systems in response to the expected growth, increased accuracy and specialization in managing its assets and various investments. While the Issuer believes that it has the appropriate financial and administrative controls, any mismanagement, fraud, fraud, or failure to fulfill the operational responsibilities of the Issuer, or the negative publicity arising from those actions, or an accusation from any other party to it, could adversely affect the ability of the Issuer to maintain or increase income from the credit portfolio and various investments.

### **Risks related to the Issue Shares**

#### **Investing in securities in developing and emerging markets generally involves a high level of risk**

Investors in developing and emerging markets - such as Kuwait - should know that these markets are subject to greater risks than more developed markets, including higher levels of volatility, limited liquidity, and changes in the political and economic environment. In addition, there is no guarantee that stock markets exposed to the risk of developing and emerging markets will not be negatively affected by events elsewhere, especially in other emerging markets.

The risks identified in the State of Kuwait and the MENA region that could result in a material negative impact on the business of the Issuer, its financial position and prospects include, but are not limited to, the following:

- Political, economic and social instability;
- External actions related to war, civil strife, hostilities or other conflicts;
- Local disturbance or violence;
- Increased inflation and the cost of living;
- Changing tax systems and tax laws, including imposing taxes in tax-free places and increasing taxes in low-tax places;
- Governmental interventions and government protection policy;

- Potential negative changes in laws and regulatory practices, including legal structures and tax laws.
- Difficulties in hiring staff and managing operations;
- Legal systems that could make it difficult for the exporting company to implement its intellectual and contractual property rights;
- Restrictions on the right to convert or extract currency or export assets;
- Greater risk of uncollectible accounts and longer collection steps;
- fluctuation of the exchange rate; and
- Logistical difficulties and communication difficulties.

Therefore, potential investors should exercise special care in assessing the risks involved and they must determine whether the investment in securities is appropriate in light of those risks. Overall, investing in developing and emerging markets is more suitable for sophisticated investors who fully understand the importance of the risks involved.

### **Appropriateness of investment**

Each potential investor must determine the suitability of that investment in light of his or her own circumstances. In particular, each potential investor must:

- To have sufficient knowledge and experience to make a meaningful assessment of stocks and the advantages and risks of investing in stocks, and the information contained in this prospectus.
- To be able to access and be familiar with the appropriate analytical tools to evaluate any investment in stocks in the context of its own financial situation, as well as to evaluate the impact of stocks on his investment portfolio in general.
- To have a full understanding of the conditions of investing in the company's shares, and to be familiar with the progress of business in any relevant financial markets.
- To be able, with the assistance of an investment advisor, to evaluate potential scenarios for economic factors and other factors that may affect his investment and his ability to bear potential risks.

### **Liquidity and volatility in the Share price**

Subscribers may not be able to resell their Shares (including the Issue Shares) at or above the Offer Price, or at all, as the market price of the Shares after the Offering may be adversely affected by factors within and outside the Issuer's control, including, but not limited to, variations in the Issuer's results of operations, market conditions, or changes in Government regulations.

Subscribers should be aware that the value of an investment in the Shares (including the Issue Shares) may go down as well as up. The market price of the Issue Shares could be volatile and subject to significant fluctuations due to a change in sentiment in the market regarding the Issue Shares. Stock markets have, from time to time, experienced significant price and volume fluctuations that have affected market prices for securities, and which may be unrelated to the Issuer's performance or prospects. Furthermore, the Issuer's operating results and prospects from time to time may be below the expectation of market analysts and the market generally. Any of these events could result in a decline in the market price of the Shares.

### **Dividend payments**

The Issue Shares will be entitled to receive any dividends declared by the Issuer in the future. (The Issuer intends to maintain a dividend policy which has due regard to sustainable levels of dividend distribution, and which reflects the Issuer's view on the outlook for sustainable recurring earnings. The Issuer does not aim to create reserves that are not available for distribution to Shareholders other than those required by law. The Issuer intends to pay dividends when the Board of Directors considers it appropriate). Furthermore, the dividend policy of the Issuer may change from time to time.

### **Dilution of existing shareholdings**

If Eligible Shareholders do not take up their rights by the latest date for receipt of applications and payments in full that are set out in this Prospectus, their proportionate ownership and voting interests in the Issuer will be reduced and the percentage that their Existing Shares represent in the share capital of the Issuer immediately following the Offering will be reduced accordingly. In addition, Eligible Shareholders as at the Record Date who take up their rights in full may suffer some dilution of their interest in the Issuer as their entitlement will be rounded down to the nearest whole number of Issue Shares. Such Shareholders may, in the event of availability of unsubscribed Issue Shares, be able to subscribe for Additional Issue Shares, which may enable them to maintain or increase their proportionate interest in the Issuer.

### **Risks related to potential issuance of new shares**

The company does not, currently, have future plans to issue new shares (except for the Rights mentioned in this Prospectus). If the company decides to increase its capital by issuing new shares and preventing existing shareholders from exercising their Rights upon issuing new Rights, their ownership of shares will proportionally decline along with their consequent right to vote and right to receive dividends. Any additional offering may have a material impact on the share market price.

### **Risks related to non-exercise of Rights by Substantial Shareholders**

If the Substantial Shareholders, including the Strategic Shareholders, do not subscribe for their full rights to obtain New Shares in the Offering, their ownership, voting rights pertaining thereto and their representation on the Board of Directors will decrease, along with the return they receive due to the decrease of their shareholdings in the Company's share capital. The decrease in the major shareholders' voting rights will be reflected in their support and the extent of their influence over making significant decisions for the Company, which will affect the Company's decisions and financial position.

### **Risks of unprofitability or not exercising preemption rights**

A higher trading price for the Company's shares does not guarantee profitability for shareholders. Moreover, there is no guarantee of sufficient demand in the market for investors to exercise their preemption rights or be compensated by the Company for not exercising their preemption rights. In the event that investors are unable to sell their preemption rights by the end of the 5th Business day prior to the closing of the Subscription Period, investors may be losing these rights to subscribe in the Issue Shares. In the event investors do not subscribe, or fail to follow the procedures for subscription in the Issue Shares, there are no guarantees that investors will be compensated for failure of exercising their preemption rights and thus incurring potential losses. Accordingly, investors should review the information on the mechanism for the listing and trading of preemption rights on Boursa Kuwait, the Kuwait companies law executive regulations, and the provisions of the executive regulations of the CMA. Investors must be aware of factors that may potentially affect them, to ensure that any investment decision is based on awareness and a full understanding of the nature of the investment and the risks associated with it.

### **Risks of insufficient demand for preemption rights or the Company's shares, or withdrawal from subscription**

There is no guarantee that there will be sufficient demand for preemption rights during the Subscription Period in the Issue Shares to allow preemption rightsholders to sell their rights at a profit. Moreover, there is no guarantee there will be sufficient demand for the Company's shares by Subscribers during the Subscription Period, and in this case, preemption rightsholders will not be compensated for failing to exercise their rights. In addition, there is no guarantee of sufficient market demand for the shares acquired by the Subscriber through the exercise of their preemption rights, or through the remaining shares offered, or through the market, which will in turn negatively affect the share price, the Company's profitability, and the shareholders. Besides, there is no guarantee the Offering will be successful, or is not cancelled, and in the event of a cancellation, the preemption rightsholders will not be able to exercise their right to subscribe in the Shares which may cause the preemption right holder to forfeit the purchase price of the preemption right, and will not have the right of recourse against the Company or the

Subscription Agent or and the Clearing and Depository Agent for any claim or compensation. The listing and trading of the preemption rights in respect of the Offering is subject to the Company's shares continuing to be listed on Boursa Kuwait during the Subscription Period in the preemption rights.

### **Risks of speculation in preemption rights**

Speculation in preemption rights is subject to risks that could lead to material losses. The daily price trading limits of the Issue Shares are affected by the relative limits the stock is subject to. Additionally, there is a positive relation between the Company's share price and the reference price, and based on the daily price trading limits on the stock. In the event that the speculator does not sell their preemption rights or exercise it before the end of the trading period by at least 5 Business Days, the speculator will be forced to lose these rights and thus be exposed to potential losses.

### **Taxation risks on payments**

The application and enforcement of the Kuwaiti income tax regime is uncertain, and holders of the Issue Shares which are "non-GCC corporate entities" may become subject to the Kuwaiti income tax regime in certain limited circumstances.

Under the Taxation Laws, income tax (at a flat rate of 15 per cent.) is levied on, inter alia, the net income and capital gains realized by any corporate entity (interpreted by the DIT to mean any form of company or partnership), wherever incorporated, that conducts business in Kuwait. However, the DIT to date has granted a concession to such corporate entities incorporated in Kuwait or in any other GCC country (being referred to in this Prospectus as GCC corporate entities) and has only imposed income tax on corporate entities which are not GCC corporate entities (being referred to in this Prospectus as non-GCC corporate entities) which, for the avoidance of doubt, includes shareholders of GCC corporate entities which are themselves non-GCC corporate entities, in each case, conducting business in Kuwait. Any holder of the Issue Shares which is a non-GCC corporate entity may become subject to the Kuwaiti income tax regime in the future, should the Department of Income Tax (the "DIT") at the Kuwaiti Ministry of Finance and/or the Kuwaiti courts determine that the income received by a holder of the Issue Shares in respect of any Issue Shares is taxable notwithstanding the Tax Exemptions (as defined and explained in "Taxation")

As at the date of this prospectus, there has been no official statement made publicly by the DIT regarding its interpretation of, and/ or application of, the Tax Exemptions in the context of a transaction such as the issue of the Issue Shares. Similarly, the Kuwaiti courts (who will be the final arbiters on the matter) have not been required to interpret such requirement to date. Furthermore, the DIT has to date not always adopted consistent rulings on Kuwaiti tax matters more generally.

If the DIT and/or the Kuwaiti courts were to determine that the income received by a holder of Issue Shares which is a non-GCC corporate entity in respect of any Issue Shares held by it is taxable, then such non-GCC corporate entity would become subject to the Kuwaiti income tax regime described above, which requires income tax (at a rate of 15 per cent.) to be levied on the net income and possibly capital gains of such non-GCC corporate entities, and imposes certain disclosure and reporting obligations on persons subject to such regime (which would include an obligation to file a tax return in Kuwait). In addition, a deduction of five per cent. of the amount of any payments made by the Issuer directly to the holders of the Issue Shares may be applied in certain circumstances, pending resolution of their tax position. See "Taxation" – Retention for further details.

Whilst the application and enforcement of the Kuwaiti income tax regime remains uncertain, there can be no assurance that holders of Issue Shares which are "non-GCC corporate entities" will not become subject to such regime in the circumstances described above. Prospective subscribers for the Issue Shares are advised to consult their tax advisers as to the consequences under Kuwaiti and other applicable tax laws of acquiring, holding and disposing of the Issue Shares and receiving payments under the Issue Shares. See "Taxation" for further details.

### **Kuwait may introduce Corporate Income Tax on Kuwaiti and other Companies and Value Added Taxes**

As a matter of practice, though not codified law, the Group is currently not subject to corporate income tax on its earnings within Kuwait, although there is no guarantee that this will continue to be the case. On 14 March 2016, the Kuwait Cabinet of Ministers approved plans to implement a corporate tax of 10 per cent. on the annual profits of Kuwaiti incorporated entities (the **“Proposed Corporate Income Tax”**), which may be applicable to the Company for future financial years. As at the date of this Prospectus, the Proposed Corporate Income Tax does not have the force of law until such time as it has been ratified by the Kuwaiti Parliament, signed by the Emir and published in the Official Gazette. It is currently uncertain as to whether the Proposed Corporate Income Tax will be promulgated into law in the form in which it has been proposed by the Cabinet of Ministers, or at all.

If the Kuwaiti authorities impose new tax regimes on the Group (whether in the form of the Proposed Corporate Income Tax or otherwise), or introduce any other changes in tax laws which make doing business in Kuwait less attractive, this may have a material adverse effect on the Company’s business, results of operations, financial condition and prospects.

The Proposed Corporate Income Tax also provides for Withholding taxes (WHT) to be imposed on payments to nonresident entities. Currently the Proposed Corporate Income Tax provides for WHT on royalties, interest and technical fees at 10% and insurance premiums at 5%, but not on dividends.

Although Kuwait does not currently impose value-added tax (**“VAT”**) on the sale of goods or services, there is a risk that this may change. Investors should be aware that the GCC states, including Kuwait, have agreed to the implementation of a GCC-wide VAT framework, to be introduced at a rate of 5 per cent. (the **“Framework”**). The national legislation in Kuwait implementing the Framework is yet to be promulgated and no Kuwait-specific details of the regime have been released as at the date of this Prospectus. Therefore, although the Kuwait parliament has indicated that it will postpone its introduction of VAT until 2021, it is impossible to state with any accuracy if, and when, VAT will be introduced in Kuwait, and the terms and conditions of such VAT.

Furthermore, the introduction of VAT could have a more widespread economic impact, for example, reducing the levels of disposable income of the Group’s customers which could negatively impact demand for the Group’s services.

### **Change in Law**

No assurance can be given as to the impact of any possible change to Kuwaiti law or to administrative practice after the date of the Prospectus, nor can any assurance be given as to whether any such change could adversely affect the ability of the Issuer to make payments and/or make deliveries under the Issue Shares, as applicable.

### **Risks of taxing dividends**

It must be noted here that Article 150 bis of the Capital Markets Authority Law stipulates that: “Without prejudice to the tax exemptions established for the profits of disposal of securities issued by companies listed on the stock market, returns on securities, bonds and financing instruments shall be exempt from tax, and all other similar securities, regardless of the issuing company.” However, there is no guarantee that this text will not be amended in the future. Consequently, payments made by the Issuer related to shares may be subject to taxes in the event that the aforementioned text is amended.

### **Countries of the Gulf Cooperation Council may enter into a monetary union**

There is a possibility that the Kingdom of Bahrain, the State of Kuwait, the Kingdom of Saudi Arabia and the State of Qatar will give up their respective national currencies in favor of a unified Gulf currency in the future. If a unified Gulf currency is adopted, the convergence and consensus necessary for laws, policies and procedures will bring about major changes to the economic and political infrastructure in each of the Gulf Cooperation Council states. So far, no official timetable for the development of the monetary union has been announced and there are currently no details of new legislation or policies. Nevertheless, shareholders and potential investors should be aware that the new legislation and any resulting shift in monetary policies and procedures in Kuwait may affect the ability of the Issuer to fulfill its obligations resulting from the shares.

## **Taxation**

The following is a general description of certain Kuwaiti tax considerations relating to the Issue Shares. It does not purport to be a complete analysis of all tax considerations relating to the Shares, whether in Kuwait or elsewhere. Prospective subscribers of Issue Shares should consult their own tax advisers as to acquiring, holding and disposing of Issue Shares and receiving payments under the Issue Shares and the consequences of such actions under the tax laws of the State of Kuwait. This summary is based upon the law as in effect on the date of this Prospectus and is subject to any change in law that may take effect after such date.

This summary of taxation in Kuwait is based on the Kuwait Income Tax Decree No. 3 of 1955 (the Decree), as amended by Law No. 2 of 2008 "Amending Certain Provisions of Kuwait Income Tax Decree No. 3 of 1955" (the Amendment), the Executive Bylaws of the Amendment (the Regulations), and various ministerial resolutions and circulars relating thereto issued by the Ministry of Finance (the MOF) (together, the Taxation Laws) as interpreted and implemented by the MOF's Department of Income Tax (DIT) as at the date of this Prospectus. Any subsequent changes in either the Taxation Laws or the interpretation or implementation of the same by the DIT would alter and affect this summary.

### **Income tax**

Under the Taxation Laws, income tax (at a flat rate of 15 per cent.) is levied on, inter alia, the net income and capital gains realized by any corporate entity (interpreted by the DIT to mean any form of company or partnership), wherever incorporated, that conducts business in Kuwait. However, the DIT to date has granted a concession to such corporate entities incorporated in Kuwait or in any other GCC country (being referred to in this Prospectus as GCC corporate entities) and has only imposed income tax on corporate entities which are not GCC corporate entities (being referred to in this Prospectus as non-GCC corporate entities) which, for the avoidance of doubt, includes shareholders of GCC corporate entities which are themselves non-GCC corporate entities, in each case, conducting business in Kuwait. The following paragraphs in this section are therefore applicable only to non-GCC corporate entities. Pursuant to the Regulations, income generated from the investment of funds inside Kuwait is considered to be income realized from the conducting of business in Kuwait, and is therefore subject to income tax.

For the purposes of this section, the term "corporation" includes general partnerships, limited partnerships or joint ventures. The term "corporate body" that is subject to tax does not include any corporate body established in one of the member states of the Cooperation Council for the Arab States of the Gulf and wholly owned by citizens of the Gulf Cooperation Council countries only. The countries of the Gulf Cooperation Council at present include the State of Kuwait, the Kingdom of Bahrain, the Sultanate of Oman, the State of Qatar, the Kingdom of Saudi Arabia and the United Arab Emirates.

If the Income Tax Department and / or the Kuwaiti Courts decide that the income obtained by the shareholder, which is a legal entity not affiliated with the Gulf Cooperation Council, in relation to any shares he owns that are subject to tax, then this legal entity not affiliated with the Gulf Cooperation Council will become subject to the Kuwaiti income tax system. This requires the imposition of income tax (at a rate of 15%) on the net income and possibly capital gains of these non-GCC corporate entities, and imposes some disclosure and reporting obligations on persons subject to such a system (which includes an obligation to file a tax return in Kuwait). In addition, 5% of the amount of any payments made by the company directly to shareholders of issue shares may be applied in certain circumstances, pending the resolution of their tax position. See the section "Taxes – Retention" for more details.

Although the application of the Kuwaiti income tax system is still uncertain, there can be no guarantee that holders of issue shares that are "corporate entities not affiliated with the Gulf Cooperation Council" will not become subject to such a system in the above-mentioned circumstances. Prospective subscribers of the issue shares are advised to consult with tax advisors regarding the consequences under tax laws and other applicable laws for buying, owning, disposing of, and receiving payment on issue shares. See section "Taxes" for more details.

The proposed law is set to impose a reserved obligation to guarantee tax on payments to non-resident institutions. Currently, the proposed law stipulates an obligation to reserve a tax guarantee on interest and technical fees at a rate of 10% and insurance fees at a rate of 5%, but not on dividends.

### **Stamp fees**

According to the provisions of the tax laws in force in the State of Kuwait, shareholders are not entitled to pay any stamp fees, registration fees, or similar fees in the State of Kuwait in connection with the issuance of shares.

### **The contribution of the Issuer to the Kuwait Foundation for the Advancement of Sciences**

According to the Emiri Decree of December 12, 1976 and its amendments, the Issuer is obligated, like other Kuwaiti shareholding companies, to pay an annual contribution of 1% (one percent) of its annual net profits (after deductions for the company's legal reserve) to the Kuwait Foundation for the Advancement of Sciences.

### **Zakat**

The Issuer is obligated to pay 1% (one percent) of its net profits as zakat in accordance with Law No. 46 of 2006 and Ministerial Resolution No. 58 of 2007, and their amendments.

### **Tax to support the national employment program**

As a result of being a listed company on the Kuwait Stock Exchange, the Issuer is obligated to pay 2.5% (two and a half percent) of its net profits to the National Labor Support Program in accordance with Law No. 19 of 2000.

### **Tax exemption in the Capital Markets Authority Law**

Notwithstanding the above, the recently implemented Law No. 22 of 2015 amending Law No. 7 of 2010 (the "**CMA Amendment**") provides that "yields of securities, bonds, finance sukuk and all other similar securities regardless of the issuer thereof shall be exempted from tax" (Article 150 bis of the CMA Amendment), the "**Tax Exemptions**"). Although the Tax Exemptions are yet to be tested, they clearly provide for a tax exemption to the holders of the Issue Shares.

Notwithstanding the foregoing, the application and enforcement of the Kuwaiti income tax regime and the Tax Exemptions remains uncertain, especially as a result of the lack of DIT and/or Kuwaiti court precedent referred to above and as a result of the fact that the DIT has to date not always adopted consistent rulings on Kuwaiti tax matters more generally. Accordingly, prospective investors in the Issue Shares are advised that there remains a possibility that any holder of Issue Shares which is a non-GCC corporate entity may become subject to the Kuwaiti income tax regime in the future (which would include an obligation to file an income tax return in Kuwait), should the DIT and/or the Kuwaiti courts determine that the income received by it in respect of any Issue Shares held by it represents the "investment of funds inside Kuwait" (and hence constitutes the conducting of business in Kuwait for the purposes of the income tax regime described above), even if the holder of Issue Shares is not incorporated or otherwise located in Kuwait.

As of the date of this Prospectus, no official statement has been issued by the Income Tax Department regarding the interpretation and / or application of tax exemptions in the context of a transaction such as the Issue Shares. Likewise, Kuwaiti courts (which will constitute the final arbitrators in this matter) have not been asked to explain this requirement yet. Although there are no preconditions for the Income Tax Department to apply income tax to shareholders of legal entities not affiliated with the Gulf Cooperation Council in the circumstances described above, it is not possible to determine how the Income Tax Department and / or Kuwaiti courts implement or enforce tax laws and tax exemptions in practice. Moreover, the Income Tax Department has not yet applied consistent rulings on Kuwaiti tax matters in general.

Individuals are not subject to any Kuwaiti income tax on their income or capital gains.

## **Retention**

Under the Regulations, a Kuwaiti-based party making such a payment (being referred to in this section as the payer) to any other party (being referred to in this section as the payee), wherever incorporated, is obliged to deduct 5% of the amount of each such payment until such time as the DIT issues a tax clearance certificate approving the release of such amount. The payer is not required to transfer the deducted amount to the DIT immediately, but instead retains such amount and releases it either (i) to the payee upon presentation to the payer by such payee of a tax clearance certificate from the DIT confirming that the payee is not subject to or is exempt from income tax, or has realized a loss, or has paid or guaranteed the payment of its income tax; or (ii) in the absence of such a tax clearance certificate, to the DIT, on demand. According to a literal interpretation of the Regulations, payments which are subject to a deduction as described above would include dividend payments.

Although payments made by the Issuer would likely not be subject to retention because of the Tax Exemptions, there is a lack of guidance on this issue currently from the DIT, and as such, there is a remote possibility that retention could apply, in the event of which, the Issuer would be required to deduct 5% from every payment made by it to the holders of Shares, which amount would be released by the Issuer upon presentation to it by the relevant holder of Shares of a tax clearance certificate from the DIT.

## **Other taxes**

Save as described above, all payments in respect of the Issue Shares may be made without withholding, deduction or retention for, or on account of, present taxes, duties, assessments or governmental charges of whatsoever nature imposed or levied by or on behalf of Kuwait.

No stamp, registration or similar duties or taxes will be payable in Kuwait by holders of Issue Shares in connection with the issue or any transfer of the Issue Shares.

## **General Information**

### **Capital Markets Authority**

The Capital Markets Authority in Kuwait is the regulating authority in charge of, as per the Capital Market Law No. 7 of 2010 and its executive regulations issued pursuant to the resolution No. 72 of 2015 regulating the issuance of securities in Kuwait and to issue the required licenses and approvals for the Offering.

### **Change in Financial Position**

Save as disclosed in this Prospectus, there has been no material adverse change in the financial position of the Company since 31 March 2021, the date of its latest audited financial statements.

### **Auditors**

The Company has appointed Al Aiban, Al Osaimi & Partners (Ernst & Young) as the Company's auditor for the financial year ending 31 December 2019. The financial statements for the fiscal year ending on December 31, 2018 were audited in cooperation between Al Aiban, Al Osaimi & Partners (Ernst & Young) and Al Sultan & Partners (member of Baker Tilly International). The financial statements for the financial years ending on December 31, 2019 and December 31, 2020 were audited by Al Aiban, Al Osaimi & Partners (Ernst & Young).

## **Resolution of the Extraordinary General Assembly and Board of Directors**

The Issue Shares shall be issued pursuant to the Kuwait Capital Markets Law No. 7 Of 2010 and its Executive Regulations issued pursuant to the resolution No. 72 of 2015, as amended and the Companies Law No. 1 of 2016. Approval to the issuance of the Issue Shares has been granted by the Extraordinary General Meeting held on 7 October 2020, and by the Board of Directors of the Issuer on 30 March 2021.

### **Official Consent**

Approval to the issuance of the Issue Shares has been granted by the CMA on 6 June 2021 for the Issuer to issue the Issue Shares. The approval to the marketing and offering of the Issue Shares has been granted by the CMA on 1 August 2021.

### **Insurance Regulatory Unit**

Under Law No. 125 of 2019 regarding insurance regulation, the Insurance Regulatory Unit was established and among its objectives is to regulate, control and develop insurance activity, protect dealers, apply policies that achieve fairness and transparency, and work to ensure compliance with laws and regulations and educate the public. According to Law No. 125 of 2019, the Issuer is subject to the supervision of the Insurance Regulatory Unit.

### **Shareholders Register**

The Company maintains its shareholders register through the Kuwait Clearing Company K.S.C in accordance with the Companies Law No.1 of 2016 and its executive regulations.

### **Clearance and Settlement**

The clearing of the shares transaction shall be completed through the Kuwait Clearing Company K.S.C.

### **Control/Supervision of the Company**

The Issuer was established in the State of Kuwait in 1962 and is subject to the Companies Law No.1 of 2016. The Company is subject to the control/supervision of the Capital Markets Authority and the Ministry of Commerce and Industry in Kuwait and to the insurance regulation unit and to Boursa Kuwait as a listed company according to Law No. 7 of 2010 regarding the establishment of the Capital Markets Authority and the organization of the securities' activities and its executive regulations as amended.

## **Articles of Association and Memorandum of Association**

Please visit the following web link to access the Articles of Association and Memorandum of Association:

<http://www.gulfinsgroup.com/Home/Investor-Relations/Capital-Increase>

## **Audited Financial Statements**

Please visit the following web link to access the Audited Financial Statements:

<http://www.gulfinsgroup.com/Home/Investor-Relations/Capital-Increase>