

BOARD OF DIRECTORS



Saeed Mohammed AlBahhar

Chairman of the Board and member of the Nomination and Remuneration Committee



Mohamed Saif AlHameli

Vice Chairman of the Board



Mohamed AlSuwaidi

Director and member of the Nomination and Remuneration Committee



Ahmed Saeed AlMahri

Director and Chairman of the Audit and Risk Committee and member of the Nomination and Remuneration Committee



Dr. Bader Abdulla AlJaberi

Director and Chairman of the Nomination and Remuneration Committee and member of the Audit and Risk Committee



Wael Ibrahim Abu Khzam

Director and member of the Audit and Risk Committee and Nomination and Remuneration Committee



Saeed Mohammed AlBahhar

Chairman

REPORT OF THE BOARD OF DIRECTORS

DEAR SHAREHOLDERS,

The Directors of Arab Insurance Group (B.S.C.) (Arig or Group) present the Company's 41st Annual Report along with the audited Consolidated Financial Statements for the year ended 31 December 2021.

As you are aware, at the Extraordinary General Meeting (EGM) on 13 August 2020, the decision to cease writing business was taken and this decision had a significant impact on the strategic direction and future of the Company. The annual report needs to be read in light of this decision of the EGM.

The Board has appointed a financial advisor, Emirates NBD Capital, to support it in finding a buyer for the divestiture of up to 100% of equity stake in Arig to potential investor(s) subject to applicable laws and regulation. The Board will take all efforts to ensure a smooth implementation of the shareholders' resolution.

GROUP PERFORMANCE

Arig achieved strong financial results for 2021 with a 77% year-over-year increase in net profit amounting US\$ 24.1 million attributable to shareholders (2020: Net profit US\$ 13.6 million) representing an average return of 9.4% on average shareholders' equity. Consequently, the Board has recommended a cash dividend of 2.5% on the company's paid-up capital (2.5 cents per share), or US\$ 5.5 million, which yet remains subject to approval of the company's shareholders during the upcoming Annual General Meeting.

The profit is mainly due to combination of lower reinsurance loss experience and an emphasis on reducing costs.

The Group reported total investment income of US\$ 9.6 million (2020: US\$ 4.9 million). The result reflects the directions given by the Board and management's close monitoring of the strategic plan.

The Group continued its efforts to reduce its operating expenses which resulted in reducing the overall operating expenses from US\$ 13.3 million in 2020 to US\$ 11.0 million in 2021. The staff count at Arig parent stood at 60 (2020: 69).

ARIG'S REINSURANCE POSITION

The Group recorded earned premiums of US\$ 13.8 million (2020: US\$ 68.5 million), a decrease of 80% due to the decision to cease writing business.

The overall technical result¹ of the Group was a profit of US\$ 26.3 million (2020: US\$ 17.6 million). The underwriting profit for the year was US\$ 23.7 million (2020: US\$ 12.8 million) due to lower claims paid and reduction in outstanding losses.

ARIG'S INVESTMENT POSITION

Arig Investment policy is a conservative one, so as not to risk the shareholders equity as well as the interest of policy holders. Group Investment Assets stood at US\$ 485.8 million in December 2021 (2020: US\$ 557.1 million) as follows.

(in US\$ million)

	2021	2020
Cash	59.1	100.5
Fixed maturities	408.9	414.8
Listed equities	-	21.7
Alternative investment	17.3	19.6
Investment in associates	0.5	0.5

The investment portfolio of ARIG parent was US\$ 410.6 million in December 2021 (2020: US\$ 437.5 million). Arig parent exited all listed equity investments and some unlisted equities in 2021.

REMUNERATION OF MEMBERS OF THE BOARD OF DIRECTORS AND THE EXECUTIVE MANAGEMENT

In 2021 the following amounts were paid / accrued to the Board members and the Executive management.

¹ technical result: net earned premiums less claims and acquisition costs.

REPORT OF THE BOARD OF DIRECTORS

First: Board of directors' remuneration details:

(US\$ '000)

Name	Fixed remunerations					Variable remunerations					End-of-service award	Aggregate Amount (Does not include expense allowance)	Expenses Allowance
	Remuneration of the chairman and BOD	Total allowance for attending Board and committee meetings	Salaries	Others	Total	Remuneration of the chairman and BOD*	Bonus	Incentive Plan	Others**	Total			
First: Independent Directors:													
1. Saeed Mohammed AlBahhar	-	-	-	-	-	125.0	-	-	50.5	175.5	-	175.5	4.3
2. Ahmed Saeed AlMahri	-	-	-	-	-	75.0	-	-	55.5	130.5	-	130.5	-
3. Dr. Bader Abdulla AlJaberi	-	-	-	-	-	75.0	-	-	55.5	130.5	-	130.5	-
Second: Non Executive Directors:													
1. Mohamed Saif AlHameli	-	-	-	-	-	75.0	-	-	18.0	93.0	-	93.0	-
2. Mohamed AlSuwaidi	-	-	-	-	-	75.0	-	-	31.5	106.5	-	106.5	-
3. Wael Ibrahim Abu Khzam	-	-	-	-	-	75.0	-	-	55.5	130.5	-	130.5	-
Total	-	-	-	-	-	500.0	-	-	266.5	766.5	-	766.5	4.3

* proposed remuneration.

** total allowance for attending Board and committee meetings.

Second: Executive management remuneration details:

(US\$ '000)

Executive Management	Total paid Salaries and allowances	Total paid remuneration (Bonus)	Any other cash / in kind remuneration for 2021*	Aggregate Amount
Top 6 remuneration for executives, including CEO and Senior Financial Officer	1,016	-	191	1,207

* includes end of service benefit.

ACKNOWLEDGEMENTS

The Board takes this opportunity to express its gratitude to His Majesty the King and His Royal Highness the Prime Minister and Crown Prince for their wise leadership of the Kingdom of Bahrain. The Directors further extend their thanks to our business partners, clients, staff and shareholders for their support and cooperation throughout the year.

On behalf of the Board of Directors

Mr. Saeed Mohammed AlBahhar
Chairman
14 February 2022