

Arab Insurance Group (B.S.C.)

**Condensed consolidated interim
financial statements for the
three months ended 31 March 2022**



KPMG Fakhro
Audit
12th Floor, Fakhro Tower
P O Box 710, Manama
Kingdom of Bahrain

Telephone +973 17 224807
Fax +973 17 227443
Website: home.kpmg/bh
CR No. 6220

Independent auditors' report on review of condensed consolidated interim financial statements

To the Board of Directors
Arab Insurance Group (B.S.C)
Manama
Kingdom of Bahrain

Introduction

We have reviewed the accompanying 31 March 2022 condensed consolidated interim financial statements of Arab Insurance Group (B.S.C) (the "Company") and its subsidiaries (together the "Group"), which comprises:

- the condensed consolidated statement of financial position as at 31 March 2022;
- the condensed consolidated statement of profit or loss for the three-month period ended 31 March 2022;
- the condensed consolidated statement of comprehensive income for the three-month period ended 31 March 2022;
- the condensed consolidated statement of changes in equity for the three-month period ended 31 March 2022;
- the condensed consolidated statement of cash flows for the three-month period ended 31 March 2022; and
- notes to the condensed consolidated interim financial statements.

The Board of Directors of the Company is responsible for the preparation and presentation of this condensed consolidated interim financial statements in accordance with IAS 34, 'Interim Financial Reporting'. Our responsibility is to express a conclusion on this condensed consolidated interim financial statements based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying 31 March 2022 condensed consolidated interim financial statements are not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting'.

Emphasis Matter

We draw attention to note 1 to the condensed consolidated interim financial statements, which indicates that in an Extraordinary General Meeting held on 13 August 2020 the shareholders approved the Board's recommendation of the cessation of the underwriting activities of the Company, subject to approval of the regulatory authorities. These events and conditions, along with other matters as set forth in note 1 indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

12 May 2022

ARAB INSURANCE GROUP (B.S.C.)

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2022

(In thousands of U.S. Dollars)

	Note	31 March 2022 (reviewed)	31 December 2021 (audited)	31 March 2021 (reviewed)
ASSETS				
Cash and bank balances		97,516	59,055	102,468
Investments	4	368,165	424,970	430,467
Accrued income	5	2,410	2,148	3,512
Insurance receivables		27,412	29,141	46,755
Insurance deposits		20,889	21,728	22,663
Deferred policy acquisition costs		237	365	2,845
Reinsurers' share of technical provisions	6	36,151	38,516	57,332
Other assets	7	19,569	21,422	34,448
Investment property	8	4,585	4,622	4,586
Property and equipment	9	11,745	11,725	11,899
TOTAL ASSETS		588,679	613,692	716,975
LIABILITIES AND EQUITY				
LIABILITIES				
Technical provisions	10	238,342	255,778	361,341
Insurance payables		47,210	49,863	56,716
Other liabilities	11	33,149	29,093	36,803
TOTAL LIABILITIES		318,701	334,734	454,860
EQUITY				
Attributable to shareholders of parent company				
Share capital		220,000	220,000	220,000
Treasury stock		(14,793)	(14,793)	(14,793)
Reserves		48,762	55,198	54,463
Retained earnings (accumulated losses)		3,479	5,738	(14,580)
		257,448	266,143	245,090
Non-controlling interests		12,530	12,815	17,025
TOTAL EQUITY		269,978	278,958	262,115
TOTAL LIABILITIES AND EQUITY		588,679	613,692	716,975

These condensed consolidated interim financial statements were approved by the Board of Directors on 12 May 2022 and signed on its behalf by:



Saeed Mohammed AlBahhar
Chairman



Ahmed Saeed AlMahri
Director



Samuel Verghese
Acting Chief Executive Officer

The accompanying notes 1 to 22 are an integral part of these condensed consolidated interim financial statements.

ARAB INSURANCE GROUP (B.S.C.)

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

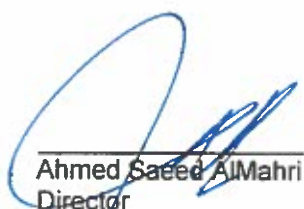
CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE THREE MONTHS ENDED 31 MARCH 2022

(In thousands of U.S. Dollars)

	Note	For the financial year-to-date 31 March 2022 (reviewed)	For the financial year-to-date 31 March 2021 (reviewed)	For the year ended 31 December 2021 (audited)
Earned premiums	12	1,159	5,597	13,800
Claims and related expenses	12	5,402	(1,613)	14,961
Policy acquisition costs	12	316	(136)	(2,468)
Investment income attributable to insurance funds	13	(1,294)	1,609	4,269
Operating expenses	14	(1,265)	(2,116)	(6,845)
Underwriting result	12	4,318	3,341	23,717
Investment income attributable to shareholders' funds	13	(1,571)	1,212	5,339
Operating expenses - non underwriting activities	14	(876)	(1,031)	(4,148)
Other income	15	865	282	3,467
Other expenses and provisions	16	(184)	(2,297)	(3,964)
Profit for the period		2,552	1,507	24,411
Attributable to:				
Non-controlling interests		(87)	-	346
Shareholders of parent company		2,639	1,507	24,065
		2,552	1,507	24,411
Earnings per share attributable to shareholders (basic and diluted):	17 (US cents)	1.3	0.8	12.1



Saeed Mohammed AlBahhar
Chairman



Ahmed Saeed AlMahri
Director



Samuel Verghese
Acting Chief Executive Officer


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ARAB INSURANCE GROUP (B.S.C.)
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE THREE MONTHS ENDED 31 MARCH 2022

(In thousands of U.S. Dollars)

	For the financial year-to-date 31 March 2022 (reviewed)	For the financial year-to-date 31 March 2021 (reviewed)	For the year ended 31 December 2021 (audited)
Profit for the period	2,552	1,507	24,411
Other comprehensive income			
Items that will be reclassified to profit or loss:			
Changes on fair value of available for sale investments	(9,098)	(1,059)	(1,627)
Transfers for recognition of losses (gains) on disposal of available for sale investments	714	(1,019)	(2,515)
Transfers for impairment loss recognised on available for sale investments	1,805	259	862
Other comprehensive income for the period	(6,579)	(1,819)	(3,280)
Total comprehensive income for the period	(4,027)	(312)	21,131
Attributable to:			
Non-controlling interests	(285)	(41)	349
Shareholders of parent company	(3,742)	(271)	20,782
	(4,027)	(312)	21,131


 Saeed Mohammed AlBahhar
 Chairman


 Ahmed Saeed AlMahri
 Director


 Samuel Verghese
 Acting Chief Executive Office

The accompanying notes 1 to 22 are an integral part of these condensed consolidated interim financial statements.

ARAB INSURANCE GROUP (B.S.C.)

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE THREE MONTHS ENDED 31 MARCH 2022

(In thousands of U.S. Dollars)

	Share capital	Treasury stock	Reserves				Retained earnings	Attributable to shareholders of parent company	Non-controlling interests	Total equity (reviewed)
			Legal	Investment revaluation	Property revaluation	Total				
Balances at 31 December 2021	220,000	(14,793)	40,332	10,527	4,339	55,198	5,738	266,143	12,815	278,958
Net profit for the period	-	-	-	-	-	-	2,639	2,639	(87)	2,552
Changes on fair value of available for sale investments	-	-	-	(8,921)	-	(8,921)	-	(8,921)	(177)	(9,098)
Transfers for recognition of losses (gains) on disposal of available for sale investments	-	-	-	735	-	735	-	735	(21)	714
Transfers for impairment loss recognised on available for sale investments	-	-	-	1,805	-	1,805	-	1,805	-	1,805
Total comprehensive income for the period				(6,381)	-	(6,381)	2,639	(3,742)	(285)	(4,027)
Dividends declared	-	-	-	-	-	-	(4,953)	(4,953)	-	(4,953)
Transfer of net depreciation on revalued property	-	-	-	-	(55)	(55)	55	-	-	-
Balances at 31 March 2022	220,000	(14,793)	40,332	4,146	4,284	48,762	3,479	257,448	12,530	269,978

The accompanying notes 1 to 22 are an integral part of these condensed consolidated interim financial statements.

ARAB INSURANCE GROUP (B.S.C.)

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2021

(In thousands of U.S. Dollars)

	Share Capital	Treasury Stock	Reserves				Retained earnings (accumulated losses)	Attributable to shareholders of parent company	Non-controlling interests	Total equity (audited)
			Legal	Investment revaluation	Property revaluation	Total				
Balances at 31 December 2020	220,000	(14,793)	37,925	13,810	4,561	56,296	(16,142)	245,361	17,066	262,427
Net profit for the year	-	-	-	-	-	-	24,065	24,065	346	24,411
Changes on fair value of available for sale investments	-	-	-	(1,614)	-	(1,614)	-	(1,614)	(13)	(1,627)
Transfers for recognition of (gains) losses on disposal of available for sale investments	-	-	-	(2,521)	-	(2,521)	-	(2,521)	6	(2,515)
Transfers for impairment loss recognised on available for sale investments	-	-	-	852	-	852	-	852	10	862
Total comprehensive income for the year	-	-	-	(3,283)	-	(3,283)	24,065	20,782	349	21,131
Transfer of net depreciation on revalued property	-	-	-	-	(222)	(222)	222	-	-	-
Transfer to (from) non-distributable reserves	-	-	2,407	-	-	2,407	(2,407)	-	-	-
Subsidiary's capital reduction	-	-	-	-	-	-	-	-	(4,600)	(4,600)
Balances at 31 December 2021	220,000	(14,793)	40,332	10,527	4,339	55,198	5,738	266,143	12,815	278,958

The accompanying notes 1 to 22 are an integral part of these condensed consolidated interim financial statements.

ARAB INSURANCE GROUP (B.S.C.)

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE THREE MONTHS ENDED 31 MARCH 2021

(In thousands of U.S. Dollars)

	Share capital	Treasury stock	Reserves				Accumulated losses	Attributable to shareholders of parent company	Non-controlling interests	Total equity (reviewed)
			Legal	Investment revaluation	Property revaluation	Total				
Balances at 31 December 2020	220,000	(14,793)	37,925	13,810	4,561	56,296	(16,142)	245,361	17,066	262,427
Net profit for the period	-	-	-	-	-	-	1,507	1,507	-	1,507
Changes on fair value of available for sale investments	-	-	-	(1,018)	-	(1,018)	-	(1,018)	(41)	(1,059)
Transfers for recognition of gains on disposal of available for sale investments	-	-	-	(1,009)	-	(1,009)	-	(1,009)	(10)	(1,019)
Transfers for impairment loss recognised on available for sale investments	-	-	-	249	-	249	-	249	10	259
Total comprehensive income for the period	-	-	-	(1,778)	-	(1,778)	1,507	(271)	(41)	(312)
Transfer of net depreciation on revalued property	-	-	-	-	(55)	(55)	55	-	-	-
Balances at 31 March 2021	220,000	(14,793)	37,925	12,032	4,506	54,463	(14,580)	245,090	17,025	262,115

The accompanying notes 1 to 22 are an integral part of these condensed consolidated interim financial statements.

ARAB INSURANCE GROUP (B.S.C.)
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE THREE MONTHS ENDED 31 MARCH 2022

(In thousands of U.S. Dollars)

	Note	For the financial year-to-date 31 March 2022 (reviewed)	For the financial year-to-date 31 March 2021 (reviewed)	For the year ended 31 December 2021 (audited)
CASH FLOWS FROM OPERATING ACTIVITIES				
Premiums received		1,677	22,212	28,613
Reinsurance premiums paid		(1,134)	(18,158)	(21,947)
Claims and acquisition costs paid		(29,934)	(50,925)	(147,660)
Reinsurance receipts in respect of claims		22,239	26,235	72,762
Investment income		11	73	43
Interest received		268	382	1,872
Operating expenses paid		(3,022)	(2,639)	(11,716)
Other (expenses) income, net		(575)	(2,000)	(3,319)
Insurance deposits received (paid), net		827	(1,907)	102
Net cash used in operating activities	18	(9,643)	(26,727)	(81,250)
CASH FLOWS FROM INVESTING ACTIVITIES				
Maturity/sale of investments		55,846	28,488	115,744
Purchase of investments		(12,045)	(6,240)	(92,173)
Term deposits with bank		33	-	18,473
Interest received		1,881	2,004	7,398
Investment income		116	1,311	2,572
Collateralised cash deposits		2,344	3,138	10,790
Purchase of property and equipment		(22)	(2)	(5)
Purchase of intangible assets		(17)	-	-
Sale of associate / subsidiary		-	-	90
Net cash provided by investing activities		48,136	28,699	62,889
CASH FLOWS FROM FINANCING ACTIVITIES				
Subsidiary's capital reduction - minority interests		-	-	(4,600)
Net cash used in financing activities		-	-	(4,600)
Net increase (decrease) in cash and cash equivalents		38,493	1,972	(22,961)
Effect of exchange rate on cash and cash equivalents		1	(4)	(11)
Cash and cash equivalents, beginning of period		40,464	63,436	63,436
Cash and cash equivalents, end of period		78,958	65,404	40,464
Term deposits with bank		18,558	37,064	18,591
Cash and bank balances, end of period		97,516	102,468	59,055

The accompanying notes 1 to 22 are an integral part of these condensed consolidated interim financial statements.

ARAB INSURANCE GROUP (B.S.C.)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2022

1. INCORPORATION AND PRINCIPAL ACTIVITY

Arab Insurance Group (B.S.C.) (the “Company”, “parent company”) is an international insurance company registered as a Bahraini Shareholding Company having its registered office at Arig House, Manama, Kingdom of Bahrain. The parent company and its subsidiaries (the “Group”) are involved in provision of general (non-life) and life reinsurance and related service activities.

The Board in its meeting held on 13 May 2019 resolved to recommend to the shareholders the cessation of the Company's underwriting activities. In an Extraordinary General Meeting held on 13 August 2020 the shareholders approved the Board's recommendation and placed the insurance portfolio in run-off. The Company has sought the approval of CBB to implement the resolution of the shareholders.

The board of directors expect the proposed run-off of the existing insurance portfolio to take more than 12 months and have assessed that the Company will continue to operate as a going concern for at least 12 months from the date of these condensed consolidated interim financial statements. Therefore, these condensed consolidated interim financial statements have been prepared on going concern basis.

2. SIGNIFICANT ACCOUNTING POLICIES

These condensed consolidated interim financial statements of the Group has been prepared in accordance with International Accounting Standard 34 (Interim Financial Reporting) which allows the interim financial statements to be prepared in condensed form. The condensed consolidated interim financial statements does not include all of the information required for full annual consolidated financial statements, and should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended 31 December 2021.

The Group's condensed consolidated interim financial statements are presented in U.S. Dollars, which is its functional currency as its share capital and a significant proportion of its business, assets and liabilities are denominated in that currency.

The accounting policies and methods of computation are consistent with the most recent consolidated financial statements of the Group at 31 December 2021 that were prepared in accordance with International Financial Reporting Standards (IFRS). Comparative figures have been reclassified, where necessary, to conform to the current period's presentation.

The Group has adopted all new and revised IFRS and interpretations applicable for accounting periods beginning on or after 1 January 2022 except IFRS 9 Financial Instruments, for which the Group has applied the temporary exemption available under IFRS 4 Insurance Contracts. Accordingly, the Group will apply this standard for annual period beginning 1 January 2023. The impact of adopting these standards and interpretations is not significant on the Group's condensed consolidated interim financial statements.

ARAB INSURANCE GROUP (B.S.C.)
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTD.)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

IMPACT OF COVID - 19

On 11 March 2020, the Coronavirus (COVID-19) outbreak was declared a pandemic by the World Health Organization (WHO) and has rapidly evolved globally. COVID 19 has also brought about significant uncertainties in the global economic environment. Authorities have taken various measures to contain the spread including implementation of travel restrictions and quarantine measures.

The Board of Directors and management has been closely monitoring the impact of the COVID 19 developments on the Group's operations and financial position; including possible loss of revenue, impact on asset valuations, impairment etc. The Group has also put in place contingency measures, which include but are not limited to enhancing and testing of business continuity plans.

RUSSIA – UKRAINE CONFLICT

The current ongoing conflict between Russia - Ukraine has triggered a global economic disruption and has, amongst other impacts, led to increased volatility in financial markets and commodity prices due to disruption of supply chain which may affect a broad range of entities across different jurisdictions and industries.

The management has carried out an assessment of its portfolio and has concluded that it does not have any material exposures to / from the impacted countries. However, potential for indirect exposures continue to exist. At this stage it is difficult to quantify the full impact of this conflict since it depends largely on the nature and duration of uncertain and unpredictable events, such as further military action, additional sanctions, and reactions to ongoing developments by global financial markets. The management will continue to closely monitor impact of this evolving situation on its portfolio to assess indirect impact, if any.

In preparing the condensed consolidated interim financial statements, judgements made by Board of Directors and management in applying the Group's accounting policies and sources of estimation are subject to uncertainty regarding the potential impacts of the current economic volatility and these are considered to represent management's best assessment based on available or observable information.

The preparation of the condensed consolidated interim financial statements require management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. In preparing these condensed consolidated interim financial statements, the significant judgements made by the management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2021.

3. MANAGEMENT OF RISKS

The Group's activities expose it to a variety of financial and other risks: market risk (including foreign exchange risk, price risk and interest rate risk), credit risk, underwriting risk and liquidity risk.

These condensed consolidated interim financial statements do not include all financial risk management information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Group's consolidated financial statements as at 31 December 2021.

There have been no changes in the risk management function since the year end or in any risk management policies.

ARAB INSURANCE GROUP (B.S.C.)
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTD.)

4. A. INVESTMENTS

	US\$ '000		
	31 March 2022	31 December 2021	31 March 2021
<u>At fair value through profit or loss</u>			
Held for trading			
Common stock of listed companies	95	-	14,739
	95	-	14,739
Designated at fair value on initial recognition			
Debt securities			
- Investment grade	94,366	99,312	102,957
- Other	5,523	6,105	10,456
	99,889	105,417	113,413
<u>Held to maturity</u>			
Debt securities			
- Investment grade	6,008	6,002	3,958
- Other	8,060	8,060	3,972
	14,068	14,062	7,930
<u>Available for sale</u>			
Debt securities			
- Supra-nationals and OECD country governments	27,216	27,850	5,009
- Investment grade	145,168	162,946	182,432
- Other	64,498	96,494	85,995
Common stock of unlisted companies	2,926	3,205	3,283
Other equity type investment	13,526	14,111	16,907
	253,334	304,606	293,626
<u>Loans and receivables</u>	254	360	268
<u>Investment in associate</u>	525	525	491
	368,165	424,970	430,467

Debt securities amounting to US\$ nil (31 December 2021: US\$ 18.2 million; 31 March 2021: US\$ 48.3 million) have been pledged as security for reinsurance guarantees.

B. COMMITMENTS OUTSTANDING

The Group has commitments in respect of uncalled capital in available for sale investments amounting to US\$ 7.7 million (31 December 2021: US\$ 7.7 million; 31 March 2021: US\$ 6.7 million).

ARAB INSURANCE GROUP (B.S.C.)
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTD.)

5. ACCRUED INCOME

	US\$ '000		
	31 March 2022	31 December 2021	31 March 2021
Accrued insurance premiums	799	404	1,417
Accrued interest	1,611	1,744	2,095
	2,410	2,148	3,512

6. REINSURERS' SHARE OF TECHNICAL PROVISIONS

	US\$ '000		
	31 March 2022	31 December 2021	31 March 2021
<u>General insurance business</u>			
- Claims outstanding	21,075	21,007	29,475
- Unreported claims	14,746	16,848	27,323
- Deferred retrocession premium reserve	315	645	495
	36,136	38,500	57,293
<u>Life insurance business</u>			
- Claims outstanding	14	15	16
- Unreported claims	1	1	23
	15	16	39
	36,151	38,516	57,332

7. OTHER ASSETS

	US\$ '000		
	31 March 2022	31 December 2021	31 March 2021
Intangible assets:			
- Computer software	9,994	9,977	9,977
	9,994	9,977	9,977
Less: Accumulated amortisation	(9,652)	(9,648)	(9,633)
	342	329	344
Other assets			
- Collateralised cash deposits	12,267	14,611	22,369
- Other receivables	6,416	5,996	11,159
- Prepayments	544	486	576
	19,227	21,093	34,104
	19,569	21,422	34,448

Collateralised cash deposits have been pledged as security for reinsurance trust agreements, and guarantees.

ARAB INSURANCE GROUP (B.S.C.)
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTD.)

8. INVESTMENT PROPERTY

	US\$ '000		
	31 March 2022	31 December 2021	31 March 2021
Carrying value at 1 January	4,622	4,622	4,622
Reversal of Impairment	-	143	-
Depreciation	(37)	(143)	(36)
Carrying value at period-end	4,585	4,622	4,586

Investment property is carried at cost less accumulated depreciation and impairment. The carrying value of investment property approximates its fair value as at 31 March 2022 and fair value measurement has been categorised as Level 3.

9. PROPERTY and EQUIPMENT

	US\$ '000		
	31 March 2022	31 December 2021	31 March 2021
Land	2,080	2,080	2,080
Building	9,833	9,833	9,459
Furniture & fixtures	6,921	6,921	6,921
Hardware	2,380	2,360	2,414
Office equipment	448	447	818
Others	397	397	397
	22,059	22,038	22,089
Less: Accumulated depreciation and Impairment			
Building	(317)	(222)	(87)
Furniture & fixtures	(6,906)	(6,906)	(6,905)
Hardware	(2,354)	(2,351)	(2,398)
Office equipment	(446)	(446)	(452)
Others	(291)	(388)	(348)
	(10,314)	(10,313)	(10,190)
	11,745	11,725	11,899

Land and Building comprise the head office property owned and occupied by the Company since 1984. Building also includes portion of office premises of Takaful Re Limited which is used for administration purpose.

ARAB INSURANCE GROUP (B.S.C.)
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTD.)

10. TECHNICAL PROVISIONS

	US\$ '000		
	31 March 2022	31 December 2021	31 March 2021
<u>General insurance business</u>			
· Claims outstanding	138,019	142,545	187,929
· Unreported losses	67,368	78,372	127,265
· Unearned premiums	2,396	3,956	12,435
	207,783	224,873	327,629
<u>Life insurance business</u>			
· Claims outstanding	9,991	10,973	11,977
· Unreported losses	20,553	19,767	21,412
· Unearned premiums	15	165	323
	30,559	30,905	33,712
	238,342	255,778	361,341

11. OTHER LIABILITIES

	US\$ '000		
	31 March 2022	31 December 2021	31 March 2021
Provision for probable loss estimates in subsidiary (note 21 (iii))	7,613	7,613	13,462
Non-reinsurance payables	7,398	6,990	7,974
Post-employment benefits	5,085	5,436	6,771
Accrued expense	5,794	6,719	5,886
Dividends payable	5,187	234	321
Reinsurance premiums accrued	1,219	1,219	1,189
Other	853	882	1,200
	33,149	29,093	36,803

12. SEGMENT INFORMATION

The Group's reinsurance business consists of two main business segments, Non-life and Life. Non-life business primarily consists of Property, Engineering, Marine, Accident, Whole Account and Other classes. Life business mainly involves short term group life policies and long term life policies. Life portfolio does not contain investment linked policies. All operating segments' operating results are reviewed regularly by the management to make decisions about resources to be allocated to the segment and assess its performance for which discrete financial information is available. Segment assets and liabilities are reviewed by management only on aggregate basis.

ARAB INSURANCE GROUP (B.S.C.)
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTD.)

12. SEGMENT INFORMATION (CONTD.)

- ANALYSIS OF REVENUE BY PRIMARY BUSINESS SEGMENT:

	US\$ '000								
	Period ended 31 March 2022								
	Non-life					Life		Total	
	Property	Engineering	Marine	Accident	Whole account	Others	Short term		Long term
REVENUES :									
Gross premiums written	231	(49)	(33)	-	621	(105)	5	20	690
Outward reinsurance premiums	(10)	(184)	-	2	(1,064)	-	-	(12)	(1,268)
Change in unearned premiums - gross	-	103	-	27	1,822	432	-	150	2,534
Change in unearned premiums - reinsurance	-	(1)	-	-	(796)	-	-	-	(797)
Net earned premiums	221	(131)	(33)	29	583	327	5	158	1,159
Investment income attributable to insurance funds	(500)	(63)	(63)	(74)	(50)	(212)	(230)	(102)	(1,294)
	(279)	(194)	(96)	(45)	533	115	(225)	56	(135)
COSTS AND EXPENSES :									
Gross claims paid	(841)	(1,949)	(363)	(121)	(24,061)	(422)	(307)	(3)	(28,067)
Claims recovered from reinsurers	28	131	23	5	7,513	-	-	-	7,700
Change in provision for outstanding claims - gross	1,225	1,113	460	695	9,879	232	960	22	14,586
Change in provision for outstanding claims - reinsurance	(62)	(115)	(47)	(46)	(2,531)	(1)	-	-	(2,802)
Change in provision for unreported losses - gross	96	2,417	198	701	15,459	442	(333)	(453)	18,527
Change in provision for unreported losses - reinsurance	6	(95)	(31)	2	(4,422)	(2)	-	-	(4,542)
Claims and related expenses	452	1,502	240	1,236	1,837	249	320	(434)	5,402
Policy acquisition costs	217	121	28	57	(227)	17	106	-	319
Policy acquisition costs recovered from reinsurers	1	13	15	(1)	-	-	-	-	28
Change in deferred policy acquisition costs - gross	-	(23)	-	(6)	-	(1)	-	(1)	(31)
Change in deferred policy acquisition costs - reinsurance	-	-	-	-	-	-	-	-	-
Policy acquisition costs	218	111	43	50	(227)	16	106	(1)	316
Operating expenses	(442)	(232)	(141)	(91)	(12)	(197)	(127)	(23)	(1,265)
Underwriting result	(51)	1,187	46	1,150	2,131	183	74	(402)	4,318

ARAB INSURANCE GROUP (B.S.C.)
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTD.)

12. SEGMENT INFORMATION (CONTD.)

- ANALYSIS OF REVENUE BY PRIMARY BUSINESS SEGMENT:

	US\$ '000								
	Year ended 31 December 2021								
	Non-life					Life		Total	
	Property	Engineering	Marine	Accident	Whole account	Others	Short term		Long term
REVENUES :									
Gross premiums written*	(1,134)	(253)	(1,285)	(775)	69	(459)	222	146	(3,469)
Outward reinsurance premiums	(1,121)	(501)	66	26	643	9	(17)	(104)	(999)
Change in unearned premiums - gross	49	2,584	255	243	14,343	5,182	-	150	22,806
Change in unearned premiums - reinsurance	-	(207)	(10)	-	(4,321)	-	-	-	(4,538)
Net earned premiums	(2,206)	1,623	(974)	(506)	10,734	4,732	205	192	13,800
Investment income attributable to insurance funds	1,519	124	171	256	19	1,054	803	323	4,269
	(687)	1,747	(803)	(250)	10,753	5,786	1,008	515	18,069
COSTS AND EXPENSES :									
Gross claims paid	(10,704)	(6,983)	(2,493)	(833)	(66,476)	(4,565)	(2,203)	(167)	(94,424)
Claims recovered from reinsurers	416	590	319	47	23,523	18	-	1	24,914
Change in provision for outstanding claims - gross	9,958	5,286	5,880	1,283	16,995	2,553	1,605	(175)	43,385
Change in provision for outstanding claims - reinsurance	(538)	(230)	(297)	(12)	(6,222)	(202)	(2)	1	(7,502)
Change in provision for unreported losses - gross	9,768	4,565	3,891	1,916	39,487	3,409	6,164	(4,164)	65,036
Change in provision for unreported losses - reinsurance	(426)	(667)	(223)	(72)	(14,235)	(818)	(7)	-	(16,448)
Claims and related expenses	8,474	2,561	7,077	2,329	(6,928)	395	5,557	(4,504)	14,961
Policy acquisition costs	1,259	165	363	437	(3,842)	238	(196)	67	(1,509)
Policy acquisition costs recovered from reinsurers	23	(78)	(36)	(26)	12	(1)	-	-	(106)
Change in deferred policy acquisition costs - gross	(14)	(828)	(70)	(59)	-	35	-	(2)	(938)
Change in deferred policy acquisition costs - reinsurance	-	82	3	-	-	-	-	-	85
Policy acquisition costs	1,268	(659)	260	352	(3,830)	272	(196)	65	(2,468)
Operating expenses	(2,388)	(1,214)	(759)	(497)	(102)	(1,048)	(709)	(128)	(6,845)
Underwriting result	6,667	2,435	5,775	1,934	(107)	5,405	5,660	(4,052)	23,717

*Gross premiums written are negative due to reversal of excess pipeline estimates of prior years and cessation of new business underwriting by the Company effective 13 August 2020.

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12. SEGMENT INFORMATION (CONTD.)
- ANALYSIS OF REVENUE BY PRIMARY BUSINESS SEGMENT:

	US\$ '000								
	Period ended 31 March 2021								
	Non-life					Life		Total	
	Property	Engineering	Marine	Accident	Whole account	Others	Short term		Long term
REVENUES :									
Gross premiums written*	79	(623)	(680)	(214)	(4,843)	(731)	(95)	108	(6,999)
Outward reinsurance premiums	(315)	(62)	52	4	3,260	-	(19)	(52)	2,868
Change in unearned premiums - gross	44	922	149	108	12,247	1,150	-	(11)	14,609
Change in unearned premiums - reinsurance	-	(97)	(5)	-	(4,779)	-	-	-	(4,881)
Net earned premiums	(192)	140	(484)	(102)	5,885	419	(114)	45	5,597
Investment income attributable to insurance funds	572	31	63	97	23	395	305	123	1,609
	380	171	(421)	(5)	5,908	814	191	168	7,206
COSTS AND EXPENSES :									
Gross claims paid	(4,507)	(2,594)	(1,237)	(83)	(21,187)	(2,150)	(1,061)	(10)	(32,829)
Claims recovered from reinsurers	174	180	171	14	10,806	5	-	-	11,350
Change in provision for outstanding claims - gross	4,289	1,844	2,139	309	2,922	796	425	1	12,725
Change in provision for outstanding claims - reinsurance	(85)	(315)	(5)	31	(5,699)	(12)	-	-	(6,085)
Change in provision for unreported losses - gross	2,934	561	433	213	11,953	1,974	2,905	(2,550)	18,423
Change in provision for unreported losses - reinsurance	(225)	(6)	57	-	(4,259)	(779)	15	-	(5,197)
Claims and related expenses	2,580	(330)	1,558	484	(5,464)	(166)	2,284	(2,559)	(1,613)
Policy acquisition costs	679	436	358	206	(1,613)	214	3	(7)	276
Policy acquisition costs recovered from reinsurers	36	(105)	(34)	(7)	5	-	-	-	(105)
Change in deferred policy acquisition costs - gross	(13)	(311)	(33)	(28)	-	36	-	(1)	(350)
Change in deferred policy acquisition costs - reinsurance	-	40	2	-	-	1	-	-	43
Policy acquisition costs	702	60	293	171	(1,608)	251	3	(8)	(136)
Operating expenses	(711)	(356)	(220)	(146)	(26)	(328)	(280)	(49)	(2,116)
Underwriting result	2,951	(455)	1,210	504	(1,190)	571	2,198	(2,448)	3,341

*Gross premiums written are negative due to reversal of excess pipeline estimates of prior years and cessation of new business underwriting by the Company effective 13 August 2020.

ARAB INSURANCE GROUP (B.S.C.)
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13. INVESTMENT INCOME

US\$ '000					
Financial year-to-date 31 March 2022			Financial year-to-date 31 March 2021	Year ended 31 December 2021	
Insurance funds	Shareholders' funds	Total			
Interest income					
- Investments designated at fair value through profit or loss	88	116	204	252	900
- Others	741	1,071	1,812	2,207	8,094
Realised (losses) gains on available for sale	(327)	(387)	(714)	1,019	2,515
(Loss) gain on remeasurement of investments at fair value through profit or loss					
- Held for trading investments	-	-	-	471	469
- Investments designated at fair value through profit or loss	(978)	(1,290)	(2,268)	(496)	(973)
Impairment loss - available for sale					
- Debt Securities	(751)	(992)	(1,743)	-	(416)
- Other	(27)	(35)	(62)	(259)	(446)
Income from associates	-	-	-	-	125
Other	(40)	(54)	(94)	(373)	(660)
	(1,294)	(1,571)	(2,865)	2,821	9,608

14. OPERATING EXPENSES

US\$ '000					
Financial year-to-date 31 March 2022			Financial year-to-date 31 March 2021	Year ended 31 December 2021	
Underwriting	Non- Underwriting	Total			
Salaries and benefits	773	564	1,337	1,900	6,321
General and administration	492	312	804	1,247	4,672
	1,265	876	2,141	3,147	10,993

ARAB INSURANCE GROUP (B.S.C.)
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTD.)

15. OTHER INCOME

	US\$ '000		
	Financial year-to-date 31 March 2022	Financial year-to-date 31 March 2021	Year ended 31 December 2021
Third party administration services	77	89	356
Reversal of provisions	500	-	2,200
Other	288	193	911
	865	282	3,467

16. OTHER EXPENSES AND PROVISIONS

	US\$ '000		
	Financial year-to-date 31 March 2022	Financial year-to-date 31 March 2021	Year ended 31 December 2021
Foreign exchange loss	26	2,195	2,772
Investment property impairment and depreciation	37	36	-
(Write back) provision for doubtful receivable & deposits	-	-	(24)
Other, net	121	66	1,216
	184	2,297	3,964

17. EARNINGS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS

Basic and diluted earnings per share has been computed as follows:

		Financial year-to-date 31 March 2022	Financial year-to-date 31 March 2021	Year ended 31 December 2021
Weighted average number of shares outstanding	'000	198,115	198,032	198,115
Net profit	US\$'000	2,639	1,507	24,065
Earnings per share	US cents	1.3	0.8	12.1

ARAB INSURANCE GROUP (B.S.C.)
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTD.)

18. RECONCILIATION OF NET RESULT TO CASH FLOWS FROM OPERATING ACTIVITIES

	US\$ '000		
	Financial year-to-date 31 March 2022	Financial year-to-date 31 March 2021	Year ended 31 December 2021
Profit for the period	2,552	1,507	24,411
Change in insurance funds	(14,104)	(30,334)	(113,666)
Change in insurance receivable/payable, net	(924)	2,029	12,790
Change in accrued income	(262)	5,274	6,638
Change in other assets/liabilities, net	3,095	(5,203)	(11,423)
Net cash used in operating activities	(9,643)	(26,727)	(81,250)

19. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

	US\$'000	
	Dividends	Non-controlling Interest
Balances at 31 December 2021	234	12,815
Share of comprehensive income	-	(285)
Dividends payable	4,953	-
Balances at 31 March 2022	5,187	12,530
Balances at 31 December 2020	321	17,066
Share of comprehensive income	-	(41)
Balances at 31 March 2021	321	17,025
Balances at 31 December 2020	321	17,066
Share of comprehensive income	-	349
Exchange adjustments on dividends	(87)	-
Subsidiary's capital reduction	-	(4,600)
Balances at 31 December 2021	234	12,815

ARAB INSURANCE GROUP (B.S.C.)
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTD.)

20. FAIR VALUE DISCLOSURE

The following table presents the fair values of the Group's financial instruments:

US\$ '000							
31 March 2022							
Book Value						Fair value	
At fair value through profit or loss	Loans and receivables	Held to maturity	Available for sale	Amortised cost	Total		
ASSETS							
Cash and bank balances	-	97,516	-	-	-	97,516	97,516
Investments	99,984	254	14,068	253,334	-	367,640	367,400
Accrued income	-	2,410	-	-	-	2,410	2,410
Insurance receivables	-	27,412	-	-	-	27,412	27,412
Insurance deposits	-	20,889	-	-	-	20,889	20,889
Other assets	-	18,683	-	-	-	18,683	18,683
LIABILITIES							
Insurance payables	-	-	-	-	47,210	47,210	47,210
Other liabilities	-	-	-	-	19,742	19,742	19,742

US\$ '000							
31 December 2021							
Book Value						Fair value	
At fair value through profit or loss	Loans and receivables	Held to maturity	Available for sale	Amortised cost	Total		
ASSETS							
Cash and bank balances	-	59,055	-	-	-	59,055	59,055
Investments	105,417	360	14,062	304,606	-	424,445	424,664
Accrued income	-	2,148	-	-	-	2,148	2,148
Insurance receivables	-	29,141	-	-	-	29,141	29,141
Insurance deposits	-	21,728	-	-	-	21,728	21,728
Other assets	-	20,607	-	-	-	20,607	20,607
LIABILITIES							
Insurance payables	-	-	-	-	49,863	49,863	49,863
Other liabilities	-	-	-	-	14,761	14,761	14,761

ARAB INSURANCE GROUP (B.S.C.)
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTD.)

20. FAIR VALUE DISCLOSURE (CONTD.)

US\$ '000							
31 March 2021							
Book Value						Fair value	
At fair value through profit or loss	Loans and receivables	Held to maturity	Available for sale	Amortised cost	Total		
ASSETS							
Cash and bank balances	-	102,468	-	-	-	102,468	102,468
Investments	128,152	268	7,930	293,626	-	429,976	430,455
Accrued income	-	3,512	-	-	-	3,512	3,512
Insurance receivables	-	46,755	-	-	-	46,755	46,755
Insurance deposits	-	22,663	-	-	-	22,663	22,663
Other assets	-	33,528	-	-	-	33,528	33,528
LIABILITIES							
Insurance payables	-	-	-	-	56,716	56,716	56,716
Other liabilities	-	-	-	-	17,455	17,455	17,455

The information disclosed in the table above is not indicative of the net worth of the Group.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal market, or in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

When available, the Group measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

When there is no quoted price in an active market, the Group uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all the factors that market participants would take into account in pricing a transaction.

The following methods and assumptions were used to estimate the fair value of the financial instruments:

i) General:

The book values of the Group's financial instruments except investments and forward foreign exchange contracts were deemed to approximate fair value due to the immediate or short term maturity of these financial instruments.

Hence, the fair value measurement details are not disclosed.

ii) Investments:

The Company measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

- Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities.
- Level 2: valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. as derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

ARAB INSURANCE GROUP (B.S.C.)
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20. FAIR VALUE DISCLOSURE (CONTD.)

- Level 3: valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted market prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Valuation techniques include net present value and discounted cash flow models and other valuation models. Assumptions and inputs used in valuation includes risk free and benchmark interest rates, bond and equity prices, and foreign exchange rates. The objective of valuations technique is to arrive at fair value measurement that reflects the price that would be received on sale of the asset at the measurement date.

The table below analyses financial instruments, measured at fair value as at the end of the period, by level in the fair value hierarchy into which the fair value measurement is categorized:

US\$'000				
31 March 2022	Level 1	Level 2	Level 3	Total
<u>At fair value through profit or loss</u>				
Held for trading				
Common stock of listed companies	95	-	-	95
Designated at fair value on initial recognition				
Debt securities	18,168	81,721	-	99,889
Available for sale				
Debt securities	109,757	127,125	-	236,882
Common stock of unlisted companies	-	-	2,926	2,926
Other	-	-	13,526	13,526
<u>Forward foreign exchange contracts</u>				
	-	359	-	359
	128,020	209,205	16,452	353,677

US\$'000				
31 December 2021	Level 1	Level 2	Level 3	Total
<u>At fair value through profit or loss</u>				
Designated at fair value on initial recognition				
Debt securities	18,383	87,034	-	105,417
Available for sale				
Debt securities	146,308	140,982	-	287,290
Common stock of unlisted companies	-	-	3,205	3,205
Other	-	-	14,111	14,111
<u>Forward foreign exchange contracts</u>				
	-	304	-	304
	164,691	228,320	17,316	410,327

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20. FAIR VALUE DISCLOSURE (CONTD.)

US\$'000				
31 March 2021	Level 1	Level 2	Level 3	Total
<u>At fair value through profit or loss</u>				
Held for trading				
Common stock of listed companies	14,739	-	-	14,739
Designated at fair value on initial recognition				
Debt securities	63,860	49,553	-	113,413
<u>Available for sale</u>				
Debt securities	98,588	174,848	-	273,436
Common stock of unlisted companies	-	-	3,283	3,283
Other	-	-	16,907	16,907
<u>Forward foreign exchange contracts</u>	-	359	-	359
	177,187	224,760	20,190	422,137

The tables below show movements in the Level 3 financial assets measured at fair value:

US\$ '000			
31 March 2022	Unlisted equity	Other	Total
Balances at 1 January 2022	3,205	14,111	17,316
Gain recognised in:			
- Other comprehensive income	(189)	21	(168)
Investments made during the period	-	39	39
Investments redeemed during the period	(90)	(645)	(735)
Balances at 31 March 2022	2,926	13,526	16,452

US\$'000			
31 December 2021	Unlisted equity	Other	Total
Balances at 1 January 2021	3,349	16,236	19,585
Gain recognised in:			
- Other comprehensive income	179	1,180	1,359
Investments made during the year	12	518	530
Investments redeemed during the year	(335)	(3,823)	(4,158)
Balances at 31 December 2021	3,205	14,111	17,316

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20. FAIR VALUE DISCLOSURE (CONTD.)

	US\$ '000		
	Unlisted equity	Other	Total
31 March 2021			
Balances at 1 January 2021	3,349	16,236	19,585
(Loss) gain recognised in:			
- Other comprehensive income	(78)	635	557
Investments made during the period	12	276	288
Investments redeemed during the period	-	(240)	(240)
Balances at 31 March 2021	3,283	16,907	20,190

The carrying values of the investment held in level 3 are based on unobservable inputs and reflects proportional share of the fair values of the respective companies and their underlying net assets. The Group does not expect the fair value of assets under level 2 & level 3 to change significantly on changing one or more of the observable / unobservable inputs. The valuations of these investments are reviewed quarterly and updated as necessary on the basis of information received from investee and investment managers. The Group recognises transfers between levels of the fair value hierarchy at the end of reporting period during which the change occurred. For the period ended 31 March 2022, there were no transfers in and out of level 1, level 2 and level 3 (31 December 2021: nil; 31 March 2021: nil). The fair values are estimates and do not necessarily represent the price at which the investment would sell. As the determination of fair values involve subjective judgments, and given the inherent uncertainty of assumptions regarding capitalisation rates, discount rates, leasing and other factors, the amount which will be realized by the Company on the disposal of its investments may differ significantly from the values at which they are carried in the condensed consolidated interim financial statements, and the difference could be material.

iii. Forward foreign exchange contracts:

The fair value of forward foreign exchange contracts, used for hedging purposes, is based on quoted market prices.

iv. Fair value less than carrying amounts:

The fair value of fixed interest debt securities fluctuates with changes in market interest rates. The book value of financial assets held to maturity has not been reduced to fair value where lower, because such market rate variations are considered temporary in nature and management intends, and has the financial resources and capacity, to generally hold such investments to maturity.

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21. PRINCIPAL SUBSIDIARIES & ASSOCIATES

i) Subsidiaries and associates

At 31 March 2022, the principal subsidiaries of the Company were:

	<u>Country of incorporation</u>	<u>Ownership</u>	<u>Non- controlling Interests</u>	<u>Principal Activities</u>
Arig Capital Limited (under run-off)	United Kingdom	100%	Nil	Reinsurance
Gulf Warranties W.L.L. (under voluntary liquidation)	Kingdom of Bahrain	100%	Nil	Warranty
Takaful Re Limited (under run-off)	United Arab Emirates	54%	46%	Retakaful Insurance

All holdings are in the ordinary share capital of the subsidiaries concerned and are unchanged from 31 December 2021. The Company holds 49% of the equity shares in its associate company Arima Insurance software W.L.L.

Financial statements of Takaful Re Limited (TRL), Gulf Warranties W.L.L. (GWL) and Arig Capital Limited (ACL) are not prepared on going concern basis as TRL and ACL are under run-off and GWL is under voluntary liquidation.

ii) Interest in subsidiaries: Takaful Re Limited

	US\$ '000		
	Financial year-to-date 31 March 2022	Financial year-to-date 31 March 2021	Year ended 31 December 2021
Non-controlling interests	46%	46%	46%
Total assets	38,906	51,108	39,417
Total liabilities	11,667	14,097	11,558
Net assets	27,239	37,011	27,859
Revenue	22	(64)	109
(Loss) profit for the period	(188)	-	753
Total comprehensive income	(621)	(90)	758
Comprehensive income attributable to non-controlling interests	(285)	(41)	349
Net cash provided by (used in) operating activities	82	(240)	(1,972)
Net cash provided by investing activities	117	42	3,664
Net cash used in financing activities	-	-	(10,000)
Net increase (decrease) in cash and cash equivalents	198	(198)	(8,308)

The subsidiary's policyholders funds are consolidated as these funds are controlled and managed by the subsidiary which is in a position to direct activities and operations

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTD.)

21. PRINCIPAL SUBSIDIARIES & ASSOCIATES (CONTD.)

iii) Interest in subsidiaries: Gulf Warranties W.L.L.

The Group's subsidiary's GWL in 2018, based on management's assessments had provided for probable loss of US\$ 21.5 million. Following settlement of certain liabilities the provision has been reduced to US\$ 7.6 million in the books of the subsidiary and consequently in the condensed consolidated interim financial statements of the Group for the period ended 31 March 2022. This does not constitute admission of any liability beyond the share capital of Gulf Warranties W.L.L.

22. RELATED PARTY TRANSACTIONS

Related parties represent the Company's major shareholders, associate companies, directors and key management personnel of the Group and entities controlled, jointly controlled or significantly influenced by such parties.

Government of UAE controls 31.3% of issued shares in the Group through major shareholders Emirates Investment Authority, General Pension and Social Security Authority and Emirates Development Bank while Government of Libya controls 14.4% of issued shares in the Group through Central Bank of Libya. The Group does not have any significant transactions with these governments and entities controlled, jointly controlled or significantly influenced by these governments.

The following is the summary of transactions with related parties:

i) Associate companies:

	US\$ '000		
	Financial year-to-date 31 March 2022	Financial year-to-date 31 March 2021	Year ended 31 December 2021
a) Service fees for administration services provided by associate	90	78	447
b) Balances outstanding - Payables	12	106	198

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22. RELATED PARTY TRANSACTIONS (CONTD.)

ii) Compensation to directors and key management personnel:

	US\$ '000		
	Financial year-to-date 31 March 2022	Financial year-to-date 31 March 2021	Year ended 31 December 2021
a) Directors			
- Remuneration proposed	-	-	500
- Attendance fees	54	67	267
- Travel expenses	-	-	4
b) Key management compensation			
- Salaries and other short-term employee benefits	87	87	347
- Post-employment benefits	14	12	49
- Others	3	-	15
c) Balances payable to key management	580	529	566