ANNUAL REPORT 2024

arig

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BOARD OF DIRECTORS

Saeed Mohammed AlBahhar
Chairman of the Board and member of the Nomination and Remuneration Committee

Ahmed Omar Alkarbi
Vice Chairman of the Board

Mohamed Ahmed Al Karbi
Director, Chairman of the Audit & Risk Committee and Chairman of the Nomination & Remuneration Committee

Abdulrahman Mohammed AlBaker
Director

Wael Ibrahem Abu Khzam
Director and member of the Audit & Risk Committee and Nomination & Remuneration Committee

Abdulla Saeed Al Ghfeli
Director and a member of the Audit & Risk 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 44th Annual Report along with the audited Consolidated Financial Statements for the year ended 31 December 2024.

As you are aware, at the Extraordinary General Meeting (EGM) on 13 August 2020, it was decided to cease writing business, 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 significant developments during the year can be summarised as below:

- The Board decided to pursue sale of insurance portfolio to speed up the runoff, where an international broker has been appointed to lead the sale. Two binding offers have been received.

Criteria has been established to assess the bids taking into consideration:

- o Maximising the returns to the shareholders.
- o Compliance with the rules of Central Bank of Bahrain.

The Board has reviewed the binding offers against the set criteria and selected one of the offers subject to the regulatory approvals.

- Arig's appeal to recover the net amount due of US$ 6.0 million from a cedant was successful with the Committee of Appeal of the Insurance Dispute and Violations Committee in Riyadh.

Group Performance

Arig achieved positive financial results for 2024 by managing its reserves, favourable investment returns and reduction in operating costs with net profit amounting to US$ 26.4 million attributable to shareholders (2023: Net profit US$ 14.0 million). The earnings represent a return of 9.16% on average shareholders' equity. Consequently, the Board has recommended a cash dividend of 12.5% or US cents 12.5 per share on the company's paid-up capital net of treasury shares, which remains subject to approval of the Central Bank of Bahrain and the company's shareholders during the upcoming Annual General Meeting.

The staff count at Arig parent stood at 45 (2023: 50).

Arig's Reinsurance Position

The total insurance contract liabilities stood at US$ 77.8 million (2023: US$ 97.0 million) primarily due to reduction of liability for incurred claims and payment of claims.

The overall insurance service result was a profit of US$ 7.3 million (2023: US$ 2.6 million) primarily due to favourable claims compared to 2023.

Arig's Investment position

The Group reported total investment income of US$ 14.7 million (2023: US$ 14.7 million).

Arig Investment policy is a conservative one, so as not to risk the shareholders equity as well as the interests of policy holders. Group Investment Assets stood at US$ 362.6 million in December 2024 (2023: US$ 393.4 million) as follows:

(US$ million)

	2024	2023
Cash	53.4	219.6
Fixed maturities	300.6	162.3
Alternative investment	8.1	11.0
Investment in associates	0.5	0.5

Anticipating the reduction in interest rates, the Board had directed Management that maturing time deposits and redemptions of bonds are to be reinvested in short term US Treasury to lock in the interest rates.

Remuneration of members of the Board of Directors and the Executive Management:

In 2024 the following amounts were paid / accrued to the Board members and the Executive management.

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*	Bouns	Incentive Plan	Others**	Total			
First: Independent Directors & Non - Executive Directors													
1) Saeed Mohammed AlBahhar	-	-	-	-	-	346.2	-	-	55.5	401.7	-	401.7	47.2
Second: Non - Independent and Non - Executive Directors:													
1) Ahmed Omar Alkarbi	-	-	-	-	-	230.8	-	-	21.0	251.8	-	251.8	34.5
2) Wael Ibrahem Abu Khzam	-	-	-	-	-	230.8	-	-	51.0	281.8	-	281.8	17.9
3) Mohamed Ahmed Alkarbi	-	-	-	-	-	230.8	-	-	51.0	281.8	-	281.8	54.8
4) Abdulla Saeed Alghfeli	-	-	-	-	-	230.8	-	-	36.0	266.8	-	266.8	4.2
5) Abdulrahman AlBaker****	-	-	-	-	-	180.3	-	-	18.0	198.3	-	198.3	-
6) Mohamed Saif AlSuwaidi***	-	-	-	-	-	50.3	-	-	6.0	56.3	-	56.3	4.1
Total	-	-	-	-	-	1,500.0	-	-	238.5	1,738.5	-	1,738.5	162.7

* proposed remuneration.
** total allowance for attending Board and committee meetings.
*** board member up to 20 March 2024.
**** board member since 21 Mach 2024.

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 2024*	Aggregate Amount
Top 6 remuneration for executives, including CEO and Senior Financial Officer	977	-	201	1,178

*includes end of service benefit.

Acknowledgements

The Board takes this opportunity to express its gratitude to His Majesty King Hamad bin Isa Al Khalifa and His Royal Highness Prince Salman bin Hamad Al Khalifa, the Crown Prince, Deputy Supreme Commander of the Armed Forces and Prime Minister, 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

Mr. Mohamed Ahmed Alkarbi
Board Member

24 February 2025

FINANCIAL HIGHLIGHTS

KEY FIGURES

(US$ million)	2024	2023
Insurance service result	7.3	2.6
Financial insurance result	11.1	10.2
Net profit	26.4	14.0
Investment assets	362.6	393.4
Reinsurance contract assets	3.6	4.3
Total assets	372.5	412.1
Insurance contract liabilities	77.8	97.0
Shareholders' equity	282.8	294.5

PERCENTAGE OF SHAREHOLDING

(on outstanding shares)

UAE Government	19.46%
Libya Government	16.06%
Kuwait Government	10.10%
UAE Private	19.44%
Kuwait Private	7.03%
Bahrain Private	5.82%
Other Private	22.09%

As of 31 December 2024

OPERATING AND FINACIAL REVIEW

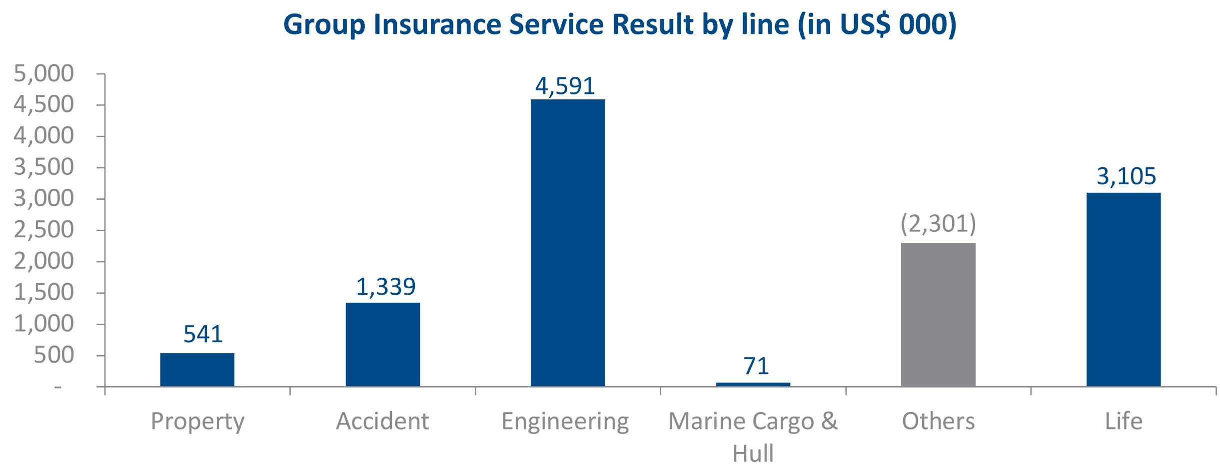
Samuel Verghese
Acting Chief Executive Officer

BUSINESS REVIEW

Reinsurance Performance

Arig reported US$ 1.6 million insurance revenue for the year 2024 (2023: insurance revenue US$ 1.2 million). The increase in insurance revenue was mainly due to higher recognition of the contractual service margin of the life portfolio. Insurance service expenses was positive, US$ 8.2 million for the year 2024 (2023: US$ 3.5 million) mainly due to favorable claims experience.

Overall insurance service results for the Group was US$ 7.3 million (2023: US$ 2.6 million) primarily due to favorable adjustments to the liability for claims incurred in 2024 as compared to 2023.



INVESTMENTS

The Financial Markets

The year 2024 was a year of consolidation for the global economy. There was modest economic growth accompanied by a decline in inflation, which gave the major central banks an impetus to reduce short-term rates. The US Federal Reserve decreased its benchmark Fed Funds rate by 100 basis points in the year to 4.5%. The ECB and the Bank of England also reduced their lending rates.

The decrease in short-term rates had a positive effect on the equity markets. The Morgan Stanley Global Equity Index rose 17%.

Yields on government securities, especially short-term bonds, continued to stay elevated relative to historical levels. The benchmark US five-year US Treasury Note averaged 4.12% in the year. The environment remained favorable for predominantly cash and fixed-income investors like Arig

Investment Strategy and Performance

Arig's portfolio places a premium on liquidity and safety to service volatile reinsurance liabilities. Allocations to traded equities and alternative investments are out of shareholder's funds. Policyholder funds are invested only in cash and bonds.

In 2024, we focused on investing in short-term US Treasuries to capitalize on the prevailing high yields. Maturing deposits and maturing bonds were reinvested either in three- or five-year US Treasuries. By taking these actions, we have locked attractive rates while minimizing risk to the portfolio.

The parent company's investment income was US$ 14.2 million (2023: US$ 14.2 million). Group Investment income was US$ 14.7 million (2023: US$ 14.7 million). The overall yield on the Group Investment Portfolio was 3.9% (3.8% in 2023).

Outlook

Arig will continue to manage the current low-risk portfolio within the Company's current priorities and our standing obligation to policyholders and shareholders. Our overarching objectives continue to be conservative portfolio allocation, preservation of capital, and providing liquidity at short notice.

SUBSIDIARIES

Takaful Re Limited (TRL)

The Group's Islamic reinsurance subsidiary TRL, in run-off since April 2016, reported a loss of US$ 0.1 million (2023: profit US$ 0.8 million) for the year. Group's share in the loss was US$ 0.06 million (2023: profit US$ 0.4 million).

TRL's investments yielded an average return of 2.1% (2023: 1.8%) with investment earnings of US$ 0.5 million (2023: US$ 0.5 million). The Company's investments assets were almost entirely held in cash and short-term Islamic deposits.

Gulf Warranties (GWL)

Gulf Warranties, the Group's subsidiary under liquidation, reported a profit of US$ 3.6 million to the Group's results for the year (2023: profit US$ 0.7 million) due to the release of provisions following the reassessment of liabilities.

Arig Capital Limited (ACL)

ACL, the wholly owned corporate member at Lloyd's of London, ceased writing new business from 1 January 2020. ACL recorded profit of US$ 0.2 million for the year (2023: loss US$ 0.3 million) mainly due to reversal of run-off provisions.

CORPORATE GOVERNANCE REPORT

Arab Insurance Group B.S.C ("Arig") was established on 9 June 1980 as a reinsurance company with its registered office in Bahrain. During the Extraordinary General Assembly Meeting dated 13th August 2020, it was resolved to cease underwriting activities. As at 31st December 2024, Arig has an authorized capital of US$500 million and paid-up capital of US$220 million.

Arig is committed to follow international Best Practices of Corporate Governance. We firmly believe that there is a link between strong ethical standards, good governance and the creation of shareholder value. In our communication with stakeholders and the general business community, we aim to be fully transparent through high standards of disclosure.

Central Bank of Bahrain – Rulebook Volume 3 – High Level Control

The Company follows the Corporate Governance requirements as laid down in Volume 3 of the Central Bank of Bahrain Rulebook – as there were no changes to HC Module of Volume 3 during the period. This Corporate Governance Report is also included as a separate item as part of agenda for the Annual General Meeting.

Shareholders

Arig is a public listed company, and its shares are listed on Bahrain Bourse.

Arig held two shareholders meetings during the year. The General Meetings held were at Arig premises on 28th March 2024 and 16th April 2024.

Further shareholders details are set out in the Notes of the Consolidated Financial Statements (Note 17, i(a), i(b) & i(c)). As set out in page 65.

Framework

The Company, through its Board of Directors, maintains a governance framework in all areas of its operations, which includes formalized policies, procedures, guidelines and relevant management reporting requirements. Arig's governance practices are reviewed and amended from time to time.

The Board of Directors

The members of the Board are elected and can be terminated by the shareholders of the Company in accordance with the provisions under the Articles of Association, the Commercial Companies Law of Bahrain and the Central Bank of Bahrain (CBB) regulations. In accordance with Arig's Articles of Association, any shareholder with 10% or more of the Company's shares shall have the right to appoint a member of the Board of Directors, while any shareholder exercising such right shall be barred from voting to elect other members of the Board of Directors at a General Meeting.

The Board holds the ultimate responsibility for the overall direction, supervision and control of the Company. It regularly assesses the Company's financial and commercial performance and approves its business plan. The Board continuously oversees the corporate governance processes in order to ensure good standards within the Company. The Board further reviews and assesses the adequacy of the management of all risks the Company may be exposed to The Board formally reviews and evaluates its own performance together with the performance of the individual directors, as required by Volume 3 of the CBB Rulebook.

The current Board was elected/appointed by the shareholders at the Ordinary General Meeting held on 26th September 2022 for a period until March 2025. Formalized Board procedures enhance the professional development of the Board members and include induction training to new directors, continuous learning, and self-evaluation. The names of the current directors and biographical details are set out in page 20. The current Board of Directors is comprised of 6 Directors, 100% Directors are male and no female members.

Members of the Board are all non-executive, as per the current Board composition. Based on the composition of the Board members as a result of the aforementioned election and appointment, one out of six-members is an independent non-executive director, as the other independent Board member did not meet the criteria as per the CBB, which require that at least one-third of the Board members shall be independent directors. The Board of Directors decided to submit a recommendation to the next General Assembly to increase the members of the Board of Directors from 6 to 9 to comply with the CBB regulations.

Board Committees

While principal matters are handled by the Board, separate Committees are mandated to assist the Board in carrying out its duties in an efficient manner. The Audit & Risk Committee oversees financial reporting process, Company's system of internal controls, risk management and compliance with laws regulations. The Nomination & Remuneration Committee is tasked to review the nomination and compensation of the Board of Directors and the members of the Company's General Management. All Board Committees meet periodically to achieve their objectives and to also annually assess the Committees' efficiency.

Board Meetings

According to the Articles of Association and local regulations, the Board is required to meet at least four times in a year and 50% of the Board meeting to be held in Bahrain. During the year 2024, Board met 7 times, and more 50% of the Board meetings were held in Bahrain.

The following table lists the number of meetings held during 2024, including Board Committees and the individual attendance:

Directors	Board Meetings	Audit & Risk Committee	Nomination & Remuneration Committee
	(7)	(5)	(5)
Mr. Saeed Mohammed AlBahhar *	7	N	5
Mr. Ahmed Omar AlKarbi	7	N	N
Mr. Mohamed Saif AlSuwaidi**	1	N	1
Mr. Mohamed Ahmed AlKarbi	7	5	5
Mr. Abdulla Saeed AlGhfeli	7	5	N
Mr. Wael Ibrahem Abu Khzam	7	5	5
Mr. Abdulrahman Mohamed AlBaker**	6	N	N

- * Independent Non-Executive Director
- N Not a member
- ** Mr. Abdulrahman Mohamed AlBaker joind the Board on 21st March 2024 representing Gulf Tamin Ltd., to replace Mr. Mohamed Saif AlSuwaidi who was representing Emirates Investment Authority due to purchase of Emirates Investment Authority's shares by Gulf Tamin Ltd.

Management

Responsibilities of the Chairman and the Chief Executive Officer (CEO) are separated. The Chairman of the Board is responsible for the leadership of the Board, ensuring its effectiveness in all aspects of its role and setting its agenda, considering the issues relevant to the Company and the concerns of all Board members.

The Acting CEO executes leadership in the day-to-day management of the Company.

Biographical details of General and Senior Managment are set out in page 21

Directors' and General Management Compensation

The Directors' remuneration is determined in accordance with the Bahrain Commercial Companies Law including the executionary regulations and amendments and the provision under the Company's Articles of Association including its amendments and is approved by the shareholders. Directors' compensation includes remuneration, allowances and reimbursement of expenses. The compensation of the General Management is determined by the Board of Directors based on the recommendations of the Nomination & Remuneration Committee, and includes salaries, allowances, reimbursement of expenses, post-employment benefits and performance related incentives. (for further information refer page 5). Details as required under the CBB Rulebook are held at the Company's premises for the availability of the shareholders.

Organizational Structure

The Company has in place a detailed organizational structure (shown on page 19) to achieve the Company's objectives, its strategic development and internal controls. However, due to the shareholders' decision to cease reinsurance operations, the Board has decided to defer filing up certain vacant positions.

Succession Planning

The Company recognizes the value of its human resource and the significance of ensuring qualified and orderly successions. The Nomination & Remuneration Committee oversees reviewing and approval of the succession plan. However, currently some of the key positions remain vacant due to the approval by the Shareholders to cease writing new reinsurance business.

Policy on the Employment of Relatives

As required by the CBB Rulebook, the Company has formulated a policy on the employment of relatives of the approved persons.

Key Persons Dealing in Arig Securities

Arig has an established policy with regard to key persons dealing in Arig securities, which complies with the Bahrain Bourse guidelines and the Rulebook Volume 6 (Capital Markets) issued by the Central Bank of Bahrain. During the year, the Company has complied with relevant reporting and monitoring requirements as stipulated under these regulations.

Following are the details of Arig shares held by members of the Board, including their representatives, and members of the General Management, including their spouses, children or other persons under their control as per Arig's record:

Particulars	Directors (including Corporate Directors)	General Management
Shares held at 1-1-2024	116,758,946	-
Add: Shares acquired during the year	-	-
Less: Shares sold during the year	-	-
Shares held at 31-12-2024	116,758,946	-

Investor Relations

Arig makes considerable effort to maintain active investor relations through open, fair and transparent communication. A dedicated shareholder affairs unit is responsible for the timely dissemination of all relevant information to its stakeholders. The Company's website (www.arig.net) provides detailed information on corporate governance, business and financial information.

The Annual General Meeting of shareholders was held within 90 days of the end of the financial year in accordance with legal and regulatory requirements. Notice to the Annual General Meeting was released well in advance to shareholders, regulators and stock exchanges. Copies of the Annual Report and accounts were made available at least one week prior to the meeting ensuring that shareholders have sufficient time to prepare for the discussion of the Company's performance with the Board of Directors.

Capital and Shares

Arig's authorised capital is comprised of 500 million ordinary shares with a nominal value of US$ 1 each. The issued, subscribed and paid-up capital is US$ 220 million. Shares are held by 4,218 shareholders mostly throughout the GCC countries. These are tradable by people of any nationality through the Bahrain Bourse. Further shareholding information is given on page 65 of this Annual Report.

Compliance

Arig has established a Board approved comprehensive compliance framework covering all rules and regulations applicable to the Company's business operations. The Company has a separate Compliance unit headed by a Compliance Officer who reports to the Audit & Risk Committee of the Board of Directors. This unit ensures that Arig meets all regulatory requirements stipulated by the Central Bank of Bahrain, the Bahrain Ministry of Industry and Commerce, and Bahrain Bourse. There were no financial penalties incurred during the year 2024.

Internal Control

The Board holds ultimate responsibility for overseeing the functioning of all internal controls within the Company. Management is responsible for the design and operation of internal controls through a network of policies, guidelines, procedures, and authorization levels. Performance monitoring is operative in all areas of the Company's operations, including periodical reviews and updates, where appropriate. All significant authority limits for underwriting, claims and other operational areas are reviewed and approved by the Board. In daily operations, the management at various levels safeguards the application of all control mechanisms and ensures that a positive control environment is maintained.

All transactions with related parties are conducted at arm's length. During the year there are no transactions with related parties as defined in the CBB Rulebook.

On behalf of the Board, the Audit & Risk Committee periodically oversees the application of the Company's internal control framework and the assessments of these controls from the evaluation reports produced by Arig's internal and external auditors. The Committee then advises the Board of Directors on the status and effectiveness of the Company's control environment and necessary actions that are to be taken by management to strengthen any identified control weaknesses.

The Audit & Risk Committee outsourced the Internal Audit function during the year in accordance with Volume 3 of the CBB Rulebook.

Business Strategy

Following the resolution of the shareholders to cease writing new reinsurance business, Arig is in the process of carrying out the following:

- Carry out an orderly run-off of the existing portfolio internally or by appointing a third party to carry out the run-off including the sale of portfolio;
- While the Company is under run-off, explore the possibility of finding a buyer to take over the company.

Shareholders have authorized the Board to take all action as required to preserve and enhance Shareholder value.

Enterprise Risk Management (ERM)

Arig applies an ERM regime that aims at closely monitoring the risks the Company could be exposed to and their potential effects on capital as well as financial and operational performance. Regular reviews are carried out to assess the development and trends in the Company's exposures and, whenever possible and reasonable, introduce measures to mitigate the potential for negative effects.

The Company maintains an ERM framework under the responsibility of the Head of Risk Management who reports to the Audit & Risk Committee of the Board of Directors. The Risk Register is reviewed and actively managed with the goal to keep the use of capital at risk at efficient performance levels without over-exposing the shareholders' equity interest.

Our key risk categories are underwriting risk, reserve risk, market risk, operational risk, credit risk and liquidity risk.

The Company has a number of risk avoidance and mitigation strategies in place to manage its key risk exposures.

- Risk Appetite Statement - Arig maintains a defined statement of its risk appetite expressing its maximum tolerance to losses for each of the main risk categories. The Risk Appetite Statement represents a key document in guiding the Company's business conduct which is reviewed periodically and approved by the Board of Directors.
- Underwriting risk is contained through a mixture of underwriting guidelines that are system and management controlled, pricing tools and reinsurance covers with highly rated retro markets to cap peak exposures.
- Reserve risk is managed through regular internal and external reviews of the reserves to ensure that prudent and adequate reserves are carried.
- Market risk exposure is controlled by a basket of investment guidelines and policies that would include maximum allocations to asset classes, trend analyses, and performance monitoring tools, including stop loss disposal orders.
- Operational risk represents exposures which jeopardizes the operational capabilities of the Company. These multiple exposures are closely monitored and a continuous effort to mitigate it.
- Credit risk is managed by stringent counter-party checks and Arig's preference is to deal with solid and, for the most part, highly rated market entities. At the same time, receivables are monitored through ageing analysis and outstanding balances are actively pursued.
- Finally, liquidity risk represents the actual or perceived loss to the Group arising from a potential inability either to meet claims, investments or operational obligations. Arig's investment, claims management and liquidity risk management policies give due consideration to liquidity risk management and as a matter of prudence Arig maintains liquid assets well above its annually modelled liquidity requirements.

External Auditors

External auditors are appointed by the shareholders through the General Assembly. BDO Bahrain was appointed as external auditors for the Financial Year 2024 based on the decision of the General Assembly, as delegated to the Board.

Fees paid to BDO for the review and audit of the financial statements of the company for the year 2024 is US$ 73,000 and other fees paid for mandatory review requirements under the agreed upon procedures and the insurance firm return is US$ 3,000.

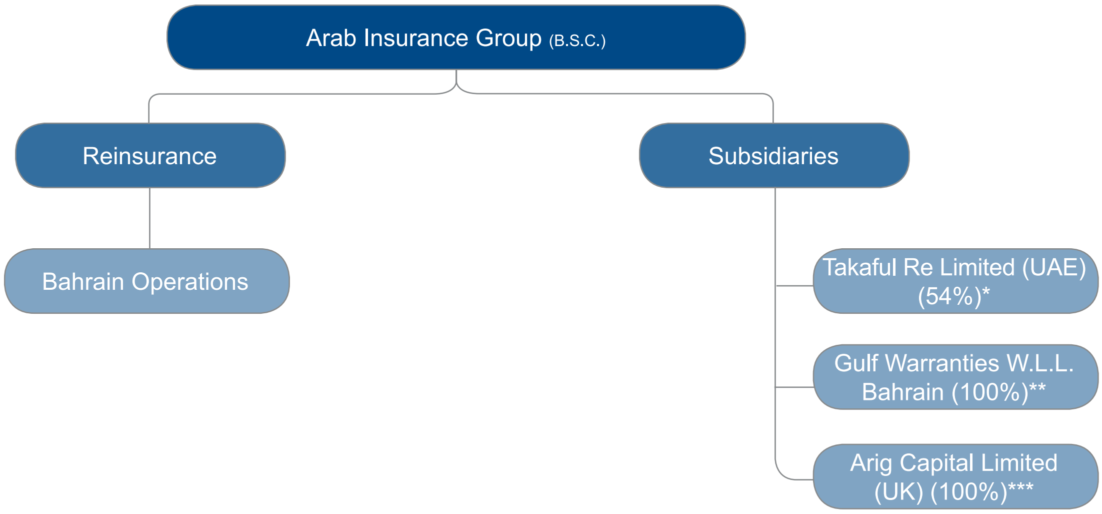
Statutory Solvency

Statutory Solvency requirements are determined by Arig's regulator in Bahrain, the Central Bank of Bahrain. The minimum solvency is defined with reference to a prescribed premium and claims basis. The solvency position of the Company as at 31 December 2024 is given below:

Amount in US$ '000

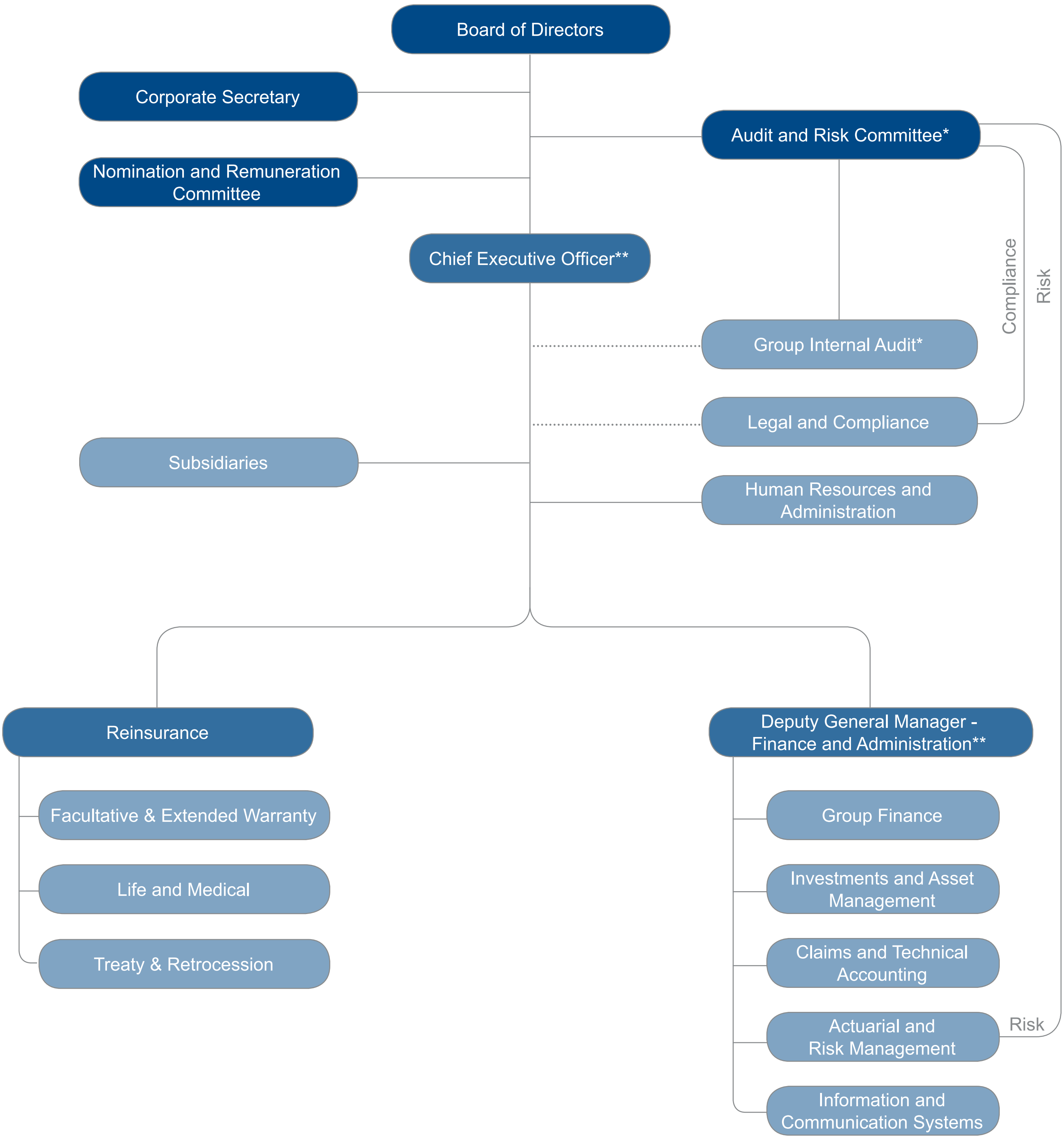
	2024	2023
Capital Available	262,583	220,554
Required margin solvency	2,388	2,388
Total excess capital available over the required margin of solvency	260,195	218,166

ARIG GROUP STRUCTURE



* Takaful Re Limited stopped writing business and is in run-off since April 2016.
** During 2019, Gulf Warranties W.L.L. has been placed under voluntary liquidation.
*** During 2020, Arig Capital Limited (UK) was placed under run-off.

ORGANISATION CHART



* Internal Audit function is outsourced to GT.
** DGM - Finance and Administration is currently the Acting CEO.

BOARD OF DIRECTORS

Saeed Al Bahhar
Saeed Mohammed AlBahhar Chairman of the Board and member of the Nomination and Remuneration Committee.

B.Sc. Economics, Jacksonville University, U.S.A.

Saeed Mohammed AlBahhar has been a member of the Board of Directors, since 25th March 2014 and Chairman of the Board since 12th June 2017. He holds the position of Chairman in Takaful Re Limited.

Ahmed Al Karbi
Ahmed Omar Alkarbi is a director and the Vice Chairman of the Board.

Bachelor's Degree in Accounting and Business Administration from UAE University.

Ahmed Omar Alkarbi has been a member of the Board of Directors since 26th September 2022. He is currently a Board member in AlDhabi Investment – UAE, Umm Al Quwain Investment Company – UAE, and the Chairman of Dubai Building Cooperative Society – UAE.

Abdulrahman AlBaker
Abdulrahman AlBaker is a director (Representing Gulf Tamin Ltd.)

Associated Diploma in Accounting from Gulf Polytechnic – University of Bahrain and Gulf Executive Program from University of Virginia.

Abdulrahman AlBaker has been a member of the Board of Directors since 21th March 2024. Previously, he served as Executive Director of the Financial Institutions Supervision at the Central Bank of Bahrain.

Mohamed Al Karbi
Mohamed Ahmed Al Karbi is a Director and the Chairman of the Audit & Risk Committee and the Nomination & Remuneration Committee.

B.Sc. in Civil Engineering Science – American University of Sharjah, and Master's degree of Business Administration from UAE University.

Mohamed Ahmed Al Karbi has been a member of the Board of Directors since 26th September 2022 (previous member from 2014 to 2017). He is currently the Major Project Section Head in Abu Dhabi Sustainable Water Solution Company, UAE, Board member in Sharjah Cement & Industrial Development Co. since 2017, Board Member in Al Mushrif Association, Abu Dhabi since 2014, ex-Board member in RAK White Cement and building materials since 2021, and ex-Board member of Takaful Re Limited.

Wael Abu Khzam
Wael Ibrahem Abu Khzam (Representing The Central Bank of Libya) Director and member of the Audit & Risk Committee and Nomination & Remuneration Committee.

B.Sc. in Accounting, Tripoli University and Master in Banking Finance, Libyan Academy.

Wael Ibrahem Abu Khzam has been a member of the Board of Directors since 20th March 2017. He is currently employed as a Director of the Risk Management Department at the Central Bank of Libya.

Abdulla Al Ghfeli
Abdulla Saeed Al Ghfeli (representing the General Pension & Social Security Authority (GPSSA) - UAE) is a director and a member of the Audit & Risk Committee.

Master of Science in International Business and Finance from London Metropolitan University - UK and qualified Chartered Financial Analyst (CFA Designation).

Abdulla Saeed Al Ghfeli has been a member of the Board of Directors since 26th September 2022. He is currently the Investment Manager at the General Pensions & Social Security Authority (GPSSA) - UAE. Board member in AlRamz Corporation, Abu Dhabi Ship Building (ADSB) and Emirates Buildings Company.

GENERAL MANAGEMENT

Samuel Verghese
Acting CEO and Deputy General Manager, Finance and Administration.

Bachelor of Commerce from Osmania University, India and an Associate member of The Institute of Chartered Accountants of India.

Samuel Verghese joined Arig in the finance department and assumed the role of Director, Finance in January 2008. He joined General Management Team in January 2017. He joined currently holds Board memberships at Arima Insurance Software (Bahrain), Arig Capital Limited (UK) and Senior Executive Officer and Director of Takaful Re Limited (DIFC). Prior to joining the Company, he held various managerial positions in companies in India.

SENIOR MANAGEMENT

T. Devanand
Director – Investment & Asset Management

Bachelor's in commerce from Loyola College, University of Madras, India and subsequently earned a Master's in Management from Boston University.

T. Devanand initially worked in various financial service companies in India and then moved to Kuwait in 1999 where he worked as an Investment Manager for Gulf Bank, Kuwait. In 2004 , he relocated to Bahrain and joined Arig as Investment Portfolio Manager. He was appointed - Director Investments in 2012.

Abdulredha Abdulhameed
Legal & Compliance Officer

Bachelor's in law from University of Bahrain, LLM from the College of Law – UK and Chartered Insurance ACII.

Abdulredha Abdulhameed joined Arig in the Legal and Compliance Department inDecember 2020 andis also MLRO and the Secretary to the Board of Directors of Arig. Prior to joining Arig, he served in lead legal and Compliance positions within different organizations in the Insurance sector and other international entities.

Sugata Gangopadhyay
Assistant Director- Group Finance

Bachelor of Commerce from Kolkata University, India, Associate member of the Institute of Chartered Accountants of India, Chartered Insurer ACII, CISA and Certified Internal Auditor.

Sugata Gangopadhyay joined Arig in February 2008 in the Group Internal Audit Department and was assigned to Group Finance Department on 1st April 2021. Prior to joining Arig, he worked in finance and internal audit divisions with different companies within the Reinsurance and Telecom sector in and outside India.

KEY RATIOS

PERFORMANCE RATIOS	2024	2023
Return on investments (proportion of investment income over average investment assets)	3.9%	3.8%
Return on equity (proportion of net profit from ordinary activity to average shareholder's equity)	9.2%	4.8%
Reduction in insurance contract liabilities	19.8%	13.9%
Growth in shareholders' equity	-4.0%	2.7%
LEVERAGE RATIOS		
Net contract liabilities/ shareholders' equity	26.2%	31.5%
Net contract liabilities / total assets	19.9%	22.5%
LIQUIDITY RATIOS		
Investment assets/net contract liabilities	485.5%	419.5%
Liquid assets/ net contract liabilities	473.9%	407.0%
OTHER		
Statutory Solvency ratio (capital available to required solvency margin)	10995.9%	9235.9%
Earnings per share attributable to shareholders (US$)	0.13	0.07
Book value per share (US$)	1.43	1.49
Price to book value per share	56.4%	56.5%

INDEPENDENT AUDITOR’S REPORT

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Independent auditor's report to the shareholders of Arab Insurance Group B.S.C.

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of Arab Insurance Group B.S.C. ("the Company") and its subsidiaries (collectively referred to as "the Group"), which comprise the consolidated statement of financial position as at 31 December 2024, the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information. In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2024, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), as applicable to audits of consolidated financial statements of public interest entities. We have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to Note 1 to the consolidated financial statements, which states that in the Extra-ordinary General Meeting held on 13 August 2020, the shareholders approved the Board's recommendation of the cessation of the underwriting activities of the Group, subject to approval of the regulatory authorities. These events and conditions, along with other matters as set forth in Note 1, may raise doubts about the Group's ability to continue as a going concern. However, the management has continued to prepare these consolidated financial statements on a going concern basis, since no formal decision has been taken by the Shareholders to liquidate the Group. Our opinion is not modified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended 31 December 2024. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. The key audit matters include:

Valuation of insurance contract liabilities

As described in Note 12 to the consolidated financial statements, as at 31 December 2024, the Group had insurance contract liabilities amounting to USD77,793 ('000s), which represents 94.88% of the Group's total liabilities for both General (non-life) and life reinsurance business. These liabilities include both liabilities for remaining coverage and liabilities for incurred claims, measured under the General Measurement Model (GMM) and the Premium Allocation Approach (PAA). The valuation of contract assets and liabilities involves significant estimation uncertainty and complex accounting requirements, which can make the process susceptible to management bias.

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Independent auditor’s report to the shareholders of Arab Insurance Group B.S.C. (continued)

Report on the audit of the consolidated financial statements (continued)

Key audit matters (continued)

Valuation of insurance contract liabilities (continued)
Key factors influencing the measurement of insurance contract liabilities include the selection of the measurement model, the grouping of insurance contracts, the determination of coverage units, the estimation of fulfilment cash, the application of discounting to fulfilment cash flows to reflect the time value of money and financial risk, the estimation of the non-financial risk adjustment, as well as the calculation of the contractual service margin (CSM), loss component, and loss recovery component. Furthermore, there are complex disclosure requirements related to these liabilities.

Our audit procedures included testing the design and operating effectiveness of the key controls surrounding the recording and reserving process for underwriting, claims payment, and reserving. We also involved our own specialists to assist in evaluating the reasonableness of management’s assessments, key judgments, and estimates made in measuring components of insurance and reinsurance assets and liabilities. This included the selection of methods, models, inputs, assumptions, and estimates, such as the present value of future cash flows, discount rate, non-financial risk, and the impact of economic uncertainties. Additionally, we verified the calculation of the contract asset and liability for remaining coverage, as well as the asset and liability for incurred claims and respective reinsurance amounts, to verify that the calculation methods and the model (PAA) used were appropriate. Our procedures also involved evaluating the competence, capabilities, and objectivity of the internal or external experts used by management, and assessing the completeness and accuracy of the premium and claims data used for the valuation of insurance contract liabilities through sample testing. Finally, we assessed the adequacy of the disclosures in the consolidated financial statements related to this matter against the requirements of the relevant accounting standards.

Impairment of financial assets
As described in Note 7 to the consolidated financial statements, as of 31 December 2024, the Group’s financial investments represent a significant asset, accounting for approximately 82% of the Group’s total assets in the consolidated financial statements. These investments are considered a key driver of the Group’s operations and performance. The Group’s investment, valued at Fair Value through Other Comprehensive Income (FVOCI), consists of debt instruments that make up 91% of the total financial investments, with a carrying value of USD279 million. All debt investments classified as FVOCI are subject to impairment assessment, and the Group exercises subjective judgment in determining the timing and recognition of impairments, which may be influenced by management bias.

Our audit procedures included, among other things, agreeing the valuation of the quoted equity and debt securities, as well as managed funds, to externally quoted prices. For unlisted or unquoted securities, we assessed whether the carrying values, based on the most recent net asset value of the underlying funds, provided a reasonable measure of fair value. Regarding the impairment of debt securities measured at fair value through other comprehensive income, we evaluated individual debt securities for signs of significant financial difficulty of the issuer, assessed whether there had been any defaults or past due events, and examined whether there had been a significant decline in fair value. Additionally, we evaluated the adequacy of the Group’s disclosures related to the valuation and impairment of investments measured at fair value through other comprehensive income, in accordance with the requirements of the relevant accounting standards.

Other information
Management is responsible for the other information. The other information comprises the information included in the Directors’ report but does not include the consolidated financial statements and our auditor’s report thereon. Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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Independent auditor's report to the shareholders of Arab Insurance Group B.S.C. (continued)

Report on the audit of the consolidated financial statements (continued)

Other information (continued)
In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and Those Charged With Governance (TCWG) for the consolidated financial statements
Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards as issued by the IASB, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those Charged With Governance are responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements
Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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Independent auditor's report to the shareholders of Arab Insurance Group B.S.C. (continued)

Report on the audit of the consolidated financial statements (continued)

Auditor's responsibilities for the audit of the consolidated financial statements (continued)

- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

(A) As required by the Bahrain Commercial Companies Law, in case of the Company, we report that:

(1) we have obtained all the information we considered necessary for the purpose of our audit;
(2) the Company has maintained proper books of account and the financial statements are in agreement therewith; and
(3) the financial information included in the Directors' report is consistent with the books of account of the Company.

Independent auditor's report to the shareholders of Arab Insurance Group B.S.C. (continued)

Report on the audit of the consolidated financial statements (continued)

Report on other legal and regulatory requirement (continued)

(B) As required by the Ministry of Industry and Commerce in its letter dated 30 January 2020 in respect of the requirements of Article 8 of Section 2 of Chapter 1 of the Corporate Governance Code, we report that:

(1) the Company has appointed a corporate governance officer; and
(2) the Company has a Board approved written guidance and procedures for corporate governance.

In addition, we report that, nothing has come to our attention which causes us to believe that the Company has breached any of the applicable provisions of the Bahrain Commercial Companies Law, the Central Bank of Bahrain (CBB) Rule Book (applicable provisions of Volume 3) and CBB directives, regulations and associated resolutions, rules and procedures of the Bahrain Bourse, or of its Memorandum and Articles of Association, which would materially affect its activities, or its financial position as at 31 December 2024.

BDO

Manama, Kingdom of Bahrain
24 February 2025

CONSOLIDATED FINANCIAL STATEMENT

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2024

(US$'000)

	Note	2024	2023
ASSETS			
Cash and bank balances	6	53,430	219,577
Investments	7	306,594	169,188
Accrued interest		2,596	4,634
Reinsurance contract assets	9	3,645	4,319
Non-insurance deposits		13	90
Other assets	10	1,139	9,053
Property and equipment	11	5,058	5,255
TOTAL ASSETS		**372,475**	**412,116**
LIABILITIES AND EQUITY			
LIABILITIES			
Insurance contract liabilities	12	77,793	96,992
Other liabilities	16	4,196	7,447
TOTAL LIABILITIES		**81,989**	**104,439**
EQUITY **Attributable to shareholders of parent company**	17		
Share capital		220,000	220,000
Treasury stock		(14,793)	(14,793)
Reserves		48,146	44,221
Retained earnings		29,411	45,049
		282,764	294,477
Non-controlling interests	18	**7,722**	**13,200**
TOTAL EQUITY		**290,486**	**307,677**
TOTAL LIABILITIES AND EQUITY		**372,475**	**412,116**

These consolidated financial statements were approved by the Board of Directors on 24 February 2025 and signed on its behalf by:

Saeed Mohammed AlBahhar
Chairman

Mohamed Ahmed Alkarbi
Director

Samuel Verghese
Acting Chief Executive Officer

The accompanying notes 1 to 36 are an integral part of these consolidated financial statements

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

AS AT 31 DECEMBER 2024

(US$'000)

	Note	2024	2023
Insurance revenue	19	1,615	1,167
Insurance service expenses	20	8,243	3,546
Net expense from reinsurance contracts held	21	(2,512)	(2,111)
Insurance service result		**7,346**	**2,602**
Investment income	23	14,727	14,743
Insurance finance expenses	24	(3,983)	(4,934)
Reinsurance finance income	25	316	381
Financial insurance result		**11,060**	**10,190**
Other expenses and provisions	26	(3,037)	(2,345)
Other income	27	11,019	3,876
Profit for the year		**26,388**	**14,323**
Attributable to:			
Non-controlling interests		(54)	345
Shareholders of parent company		**26,442**	**13,978**
		26,388	**14,323**
Earnings per share attributable to shareholders (basic and diluted):	28 (US cents)	**13.3**	**7.1**

Saeed Mohammed AlBahhar
Chairman

Mohamed Ahmed Alkarbi
Director

Samuel Verghese
Acting Chief Executive Officer

The accompanying notes 1 to 36 are an integral part of these consolidated financial statements

CONSOLIDATED STATEMENT OF COMPREHNSIVE INCOME

AS AT 31 DECEMBER 2024

(US$'000)

	Note	2024	2023
Profit for the year		26,388	14,323
Other comprehensive income			
Items that will be reclassified to profit or loss:			
Fair value changes on investment at fair value through other comprehensive income		1,747	4,305
Transfers for recognition of gains on disposal of debt investments at fair value through other comprehensive income	23	(183)	(452)
Other comprehensive income for the year		**1,564**	**3,853**
Total comprehensive income for the year		**27,952**	**18,176**
Attributable to:			
Non-controlling interests		42	424
Shareholders of parent company		27,910	17,752
		27,952	**18,176**

Saeed Mohammed AlBahhar
Chairman

Mohamed Ahmed Alkarbi
Director

Samuel Verghese
Acting Chief Executive Officer

The accompanying notes 1 to 36 are an integral part of these consolidated financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

AS AT 31 DECEMBER 2024

(US$'000)

2024	Share Capital	Treasury Stock	Reserves: Legal	Reserves: Investment revaluation	Reserves: Property revaluation	Reserves: Total	Retained earnings	Attributable to shareholders of parent company	Non-controlling interests	Total equity
Balances at 31 December 2023	**220,000**	**(14,793)**	**44,648**	**(2,967)**	**2,540**	**44,221**	**45,049**	**294,477**	**13,200**	**307,677**
Net profit (loss) for the year	-	-	-	-	-	-	26,442	26,442	(54)	26,388
Fair value changes on investment at fair value through other comprehensive income	-	-	-	1,651	-	1,651	-	1,651	96	1,747
Transfer for recognition of gains on disposal of debt investments at fair value through other comprehensive income	-	-	-	(183)	-	(183)	-	(183)	-	(183)
Total comprehensive income for the year	**-**	**-**	**-**	**1,468**	**-**	**1,468**	**26,442**	**27,910**	**42**	**27,952**
Dividends paid	-	-	-	-	-	-	(39,623)	(39,623)	-	(39,623)
Transfer of net depreciation on revalued property	-	-	-	-	(187)	(187)	187	-	-	-
Transfer to (from) non-distributable reserves	-	-	2,644	-	-	2,644	(2,644)	-	-	-
Subsidiary's capital reduction (note 32(i))	-	-	-	-	-	-	-	-	(5,520)	(5,520)
Balances at 31 December 2024	**220,000**	**(14,793)**	**47,292**	**(1,499)**	**2,353**	**48,146**	**29,411**	**282,764**	**7,722**	**290,486**

(US$'000)

2023	Share Capital	Treasury Stock	Reserves: Legal	Reserves: Investment revaluation	Reserves: Property revaluation	Reserves: Total	Retained earnings	Attributable to shareholders of parent company	Non-controlling interests	Total equity
Balances at 31 December 2022, as previously reported	**220,000**	**(14,793)**	**43,250**	**(4,263)**	**2,673**	**41,660**	**39,764**	**286,631**	**12,776**	**299,407**
Adjustment on initial application of IFRS 9	-	-	-	(2,478)	-	(2,478)	2,478	-	-	-
Restated balances at 1 January 2023	220,000	(14,793)	43,250	(6,741)	2,673	39,182	42,242	286,631	12,776	299,407
Net profit for the year	-	-	-	-	-	-	13,978	13,978	345	14,323
Fair value changes on investment at fair value through other comprehensive income	-	-	-	4,226	-	4,226	-	4,226	79	4,305
Transfer for recognition of gains on disposal of debt investments at fair value through other comprehensive income	-	-	-	(452)	-	(452)	-	(452)	-	(452)
Total comprehensive income for the year	**-**	**-**	**-**	**3,774**	**-**	**3,774**	**13,978**	**17,752**	**424**	**18,176**
Dividends paid	-	-	-	-	-	-	(9,906)	(9,906)	-	(9,906)
Transfer of net depreciation on revalued property	-	-	-	-	(133)	(133)	133	-	-	-
Transfer to (from) non-distributable reserves	-	-	1,398	-	-	1,398	(1,398)	-	-	-
Balances at 31 December 2023	**220,000**	**(14,793)**	**44,648**	**(2,967)**	**2,540**	**44,221**	**45,049**	**294,477**	**13,200**	**307,677**

The accompanying notes 1 to 36 are an integral part of these consolidated financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS

AS AT 31 DECEMBER 2024

(US$'000)

	Note	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES			
Premiums received		1,075	(1,625)
Reinsurance premiums paid		(1,394)	(1,331)
Claims and acquisition costs paid		(7,359)	(10,382)
Reinsurance receipts in respect of claims		275	2,600
Investment income		291	1,692
Interest received		888	757
Operating expenses paid		(8,213)	(10,505)
Other income (expenses), net		5,922	1,073
Insurance deposits received (paid), net		508	959
Purchase of investments at fair value through profit or loss		(62)	(240)
Sale of investments at fair value through profit or loss		1,647	2,052
Net cash used in operating activities	29	**(6,422)**	**(14,950)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Maturity/sale of investments		26,909	55,130
Purchase of investments		(165,199)	(50,099)
Term deposits with bank		158,240	(26,248)
Interest received		16,357	12,059
Investment income		8	1,445
Collateralised cash deposits		7,376	43
(Purchase) sale of property and equipment		(16)	3,823
Purchase of intangible assets		(17)	-
Sale of investment property		-	6,889
Net cash provided by investing activities		**43,658**	**3,042**
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid		(39,623)	(9,906)
Subsidiary's capital reduction - minority interests		(5,520)	-
Net cash used in financing activities		**(45,143)**	**(9,906)**
Net decrease in cash and cash equivalents		**(7,907)**	**(21,814)**
Effect of exchange rate on cash and cash equivalents		-	2
Cash and cash equivalents, beginning of year		40,432	62,244
Cash and cash equivalents, end of year		**32,525**	**40,432**
Term deposits with bank		20,905	179,145
Cash and bank balances, end of year		**53,430**	**219,577**

The accompanying notes 1 to 36 are an integral part of these consolidated financial statements

FOR THE YEAR ENDED 31 DECEMBER 2024

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 consolidated financial statements. Therefore, these consolidated financial statements have been prepared on going concern basis.

2. BASIS OF ACCOUNTING AND MEASUREMENT

These consolidated financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards) and are consistent with prevailing practice within the insurance industry.

The consolidated financial statements are prepared under the historical cost convention as modified by the revaluation of land and building and certain investment assets at fair value.

Comparative figures have been regrouped where necessary, to conform to the current year's presentation.

These consolidated financial statements were authorized for issue by the board of directors on 24 February 2025.

a) Functional and presentation currency

The Group's 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.

b) Use of judgements and estimates

The preparation of consolidated financial statements in conformity with IFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 4.

FOR THE YEAR ENDED 31 DECEMBER 2024

2. BASIS OF ACCOUNTING AND MEASUREMENT (CONTD.)

c) Improvements / amendments to IFRS Accounting Standards

Improvements/amendments to IFRS Accounting standards contained numerous amendments to IFRS Accounting standards that the IASB considers non-urgent but necessary. 'Improvements to IFRS Accounting standards' comprise amendments that result in accounting changes to presentation, recognition or measurement purposes, as well as terminology or editorial amendments related to a variety of individual IFRS Accounting standards. The amendments are effective for the Group's future accounting year with earlier adoption.

Standards, amendments and interpretations issued and effective in 2024 but not relevant

The following new amendments to existing standards and interpretations to published standards are mandatory for accounting period beginning on or after 1 January 2024 or subsequent periods, but are not relevant to the Group's operations:

Standard or Interpretation	Title	Effective for annual periods beginning on or after
IAS 1	Presentation of financial statements	1 January 2024
IAS 7	Statement of Cash Flows	1 January 2024
IFRS 7	Financial Instruments: Disclosures	1 January 2024
IFRS 16	Leases	1 January 2024

Standards, amendments and interpretations issued but not yet effective in 2024

The following new/amended accounting standards and interpretations have been issued, but are not mandatory for financial year ended 31 December 2024. They have not been adopted in preparing these financial statements for the year ended 31 December 2024 and will or may have an effect on the Group's future financial statements. In all cases, the Group intends to apply these standards from application date as indicated in the table below:

Standard or Interpretation	Title	Effective for annual periods beginning on or after
IAS 21	The Effects of Changes in Foreign Exchange Rates	1 January 2025
IFRS 9	Financial Instruments	1 January 2026
IFRS 7	Financial Instruments: Disclosures	1 January 2026
IAS 18	Presentation and Disclosure in Financial Statements	1 January 2027
IFRS 19	Subsidiaries without Public Accountability: Disclosures	1 January 2027

Early adoption of amendments or standards in 2024

The Group did not early-adopt any new or amended standards in 2024. There would have been no change in the operational results of the Group for the year ended 31 December 2024 had the Group early adopted any of the above standards applicable to the Group.

FOR THE YEAR ENDED 31 DECEMBER 2024

3. MATERIAL ACCOUNTING POLICY INFORMATION

BASIS OF CONSOLIDATION

The consolidated financial statements include the accounts of the parent company and all of its subsidiaries made up to 31 December 2024.

Subsidiaries are defined as entities that are controlled by the Group, on the basis of
i) power over the entity;
ii) the exposure to variable returns from the entity; and
iii) the ability to use its power to affect the amount of returns.

The purchase method is used to account for acquisitions.

All intra-group transactions, balances and unrealised surpluses and deficits on transactions between group companies have been eliminated on consolidation. Where necessary, the accounts of subsidiaries have been restated to ensure consistency with the accounting policies adopted by the Group, except for Takaful Re Limited which are prepared under non going concern basis and not under IFRS 17.

Non controlling interests are measured initially at their proportionate share of the acquiree's identifiable net assets at the date of acquisition. Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

A listing of the principal subsidiaries is set out in note 32. In the parent company, these investments are accounted using the equity method under IAS 27, Separate Financial Statements.

INSURANCE CONTRACT ASSETS AND LIABILTIES

Insurance and reinsurance contracts classification

Contracts under which the Group accepts significant insurance risk are classified as insurance contracts. Contracts held by the Group under which it transfers significant insurance risk related to underlying insurance contracts are classified as reinsurance contracts. Insurance and reinsurance contracts also expose the Group to financial risk.

The Group issues insurance contracts in the normal course of business, under which it accepts significant insurance risk from cedants. As a general guideline, the Group determines whether it has significant insurance risk, by comparing benefits payable after an insured event with benefits payable if the insured event did not occur. The Group issues life and non-life insurance policies. Non-life insurance products include property, marine, engineering, accidents and others. These products offer protection of policyholder's assets and indemnification of other parties that have suffered damage because of a policyholder's accident. The Group does not issue any contracts with direct participating features.

Insurance and reinsurance contracts accounting treatment

a) Level of aggregation

IFRS 17 requires the Group to determine the level of aggregation for applying its requirements. The level of aggregation for the Group is determined firstly by dividing the business written into portfolios. Portfolios comprise groups of contracts with similar risks which are managed together.

FOR THE YEAR ENDED 31 DECEMBER 2024

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTD.)

Portfolios are further divided based on expected profitability at inception into three categories: onerous contracts, contracts with no significant risk of becoming onerous, and the remainder. This means that, for determining the level of aggregation, the Group identifies a contract as the smallest 'unit', i.e., the lowest common denominator.

However, the Group makes an evaluation of whether a series of contracts need to be treated together as one unit based on reasonable and supportable information, or whether a single contract contains components that need to be separated and treated as if they were stand-alone contracts. As such, what is treated as a contract for accounting purposes may differ from what is considered as a contract for other purposes (i.e., legal or management). IFRS 17 also requires that no group for level of aggregation purposes may contain contracts issued more than one year apart. The Group has elected to group together those contracts that would fall into different groups only because law or regulation specifically constrains its practical ability to set a different price or level of benefits for policyholders with different characteristics. The Group applied a full retrospective approach for transition to IFRS 17. The portfolios are further divided by year of issue and profitability for recognition and measurement purposes.

Hence, within each year of issue, portfolios of contracts are divided into three groups, as follows:
- A group of contracts that are onerous at initial recognition (if any)
- A group of contracts that, at initial recognition, have no significant possibility of becoming onerous subsequently (if any)
- A group of the remaining contracts in the portfolio (if any)

The profitability of groups of contracts is assessed by actuarial valuation models that take into consideration existing and new business. The Group assumes that no contracts in the portfolio are onerous at initial recognition unless facts and circumstances indicate otherwise. For contracts that are not onerous, the Group assesses, at initial recognition, that there is no significant possibility of becoming onerous subsequently by assessing the likelihood of changes in applicable facts and circumstances.

The Group considers facts and circumstances to identify whether a group of contracts are onerous based on:
- Pricing information
- Results of similar contracts it has recognised
- Environmental factors, e.g., a change in market experience or regulations

The Group divides portfolios of reinsurance contracts held applying the same principles set out above, except that the references to onerous contracts refer to contracts on which there is a net gain on initial recognition. For some groups of reinsurance contracts held, a group can comprise a single contract.

b) Recognition

The Group recognises groups of insurance contracts it issues from the earliest of the following:
- The beginning of the coverage period of the group of contracts
- The date when the first payment from a policyholder in the group is due or when the first payment is received if there is no due date
- For a group of onerous contracts, if facts and circumstances indicate that the group is onerous

The Group recognises a group of reinsurance contracts held from the earlier of the following:
- The beginning of the coverage period of the group of reinsurance contracts held. (However, the Group delays the recognition of a group of reinsurance contracts held that provide proportionate coverage until the date any underlying insurance contract is initially recognised, if that date is later than the beginning of the coverage period of the group of reinsurance contracts held. And
- The date the Group recognises an onerous group of underlying insurance contracts if the Group entered the related reinsurance contract held in the group of reinsurance contracts held at or before that date.The Group adds new contracts to the group in the reporting period in which that contract meets one of the criteria set out above.

FOR THE YEAR ENDED 31 DECEMBER 2024

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTD.)

c) Contract boundary

The Group includes in the measurement of a group of insurance contracts all the future cash flows within the boundary of each contract in the group. Cash flows are within the boundary of an insurance contract if they arise from substantive rights and obligations that exist during the reporting period in which the Group can compel the policyholder to pay the premiums, or in which the Group has a substantive obligation to provide the policyholder with insurance contract services. A substantive obligation to provide insurance contract services ends when The Group has the practical ability to reassess the risks of the particular policyholder and, as a result, can set a price or level of benefits that fully reflects those risks

d) Premium Allocation Approach (PAA)

The following table summarises the accounting policy choices adopted by the Group:

	IFRS 17 Options	Adopted approach
Premium Allocation Approach (PAA) Eligibility	Subject to specified criteria, the PAA can be adopted as a simplified approach to the IFRS 17 general model	Coverage period for one year or less and so qualifies automatically for PAA. For contracts with coverage period greater than one year where there is no material difference in the measurement of the liability for remaining coverage between PAA and the general model, therefore, these qualify for PAA
Insurance acquisition cash flows for insurance contracts issue	Where the coverage period of all contracts within a group is no longer than one year, insurance acquisition cash flows can either be expensed as incurred, or allocated, using a systematic and rational method, to groups of insurance contracts (including future groups containing insurance contracts that are expected to arise from renewals) and then amortised over the coverage period of the related group. For groups containing contracts longer than one year, insurance acquisition cash flows must be allocated to related groups of insurance contracts and amortised over the coverage period of the related group	For all business, insurance acquisition cash flows are allocated to related groups of insurance contracts and amortised over the coverage period of the related group

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3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTD.)

	IFRS 17 Options	Adopted approach
Liability for Remaining Coverage (LFRC), adjusted for financial risk and time value of money	Where there is no significant financing component in relation to the LFRC, or where the time between providing each part of the services and the related premium due date is no more than a year, an entity is not required to make an adjustment for accretion of interest on the LFRC	For all businesses, there is no allowance as the premiums are received within one year of the coverage period. Where the premium due date and the related period of services are more than 12 months the Group has assessed the amount as immaterial, as such no discounting is required
liability for Incurred Claims, (LFIC) adjusted for time value of money	Where claims are expected to be paid within a year of the date that the claim is incurred, it is not required to adjust these amounts for the time value of money	For all businesses, the LFIC is adjusted for the time value of money
Insurance finance income and expense	There is an option to disaggregate part of the movement in LFIC resulting from changes in discount rates and present this in OCI	For all business, the Group does not disaggregate part of the movement in LFIC resulting from changes in discount rates and present this in OCI

e) Insurance contracts - initial measurement

The Group applies the premium allocation approach (PAA) to all the insurance contracts that it issues and reinsurance contracts that it holds, as Group has modelled possible future scenarios and reasonably expects that the measurement of the liability for remaining coverage for the group containing those contracts under the PAA does not differ materially from the measurement that would be produced applying the general model. In assessing materiality, the Group has also considered qualitative factors such as the nature of the risk and types of its lines of business.

For all businesses, the liability for remaining coverage is not discounted to reflect the time value of money and the effect of financial risk. Where facts and circumstances indicate that contracts are onerous at initial recognition, the Group performs additional analysis to determine if a net outflow is expected from the contract.

Such onerous contracts are separately grouped from other contracts and the Group recognises a loss in profit or loss for the net outflow, resulting in the carrying amount of the liability for the group being equal to the fulfilment cash flows.

A loss component is established by the Group for the liability for remaining coverage for such onerous group depicting the losses recognised.

f) Reinsurance contracts held - initial measurement

The Group measures its reinsurance assets for a group of reinsurance contracts that it holds on to the same basis as insurance contracts that it issues. However, they are adapted to reflect the features of reinsurance contracts held that differ from insurance contracts issued, for example the generation of expenses or reduction in expenses rather than revenue. Where the Group recognises a loss on initial recognition of an onerous group of underlying insurance contracts or when further onerous underlying insurance contracts are added to a group, the Group establishes a loss- recovery component of the asset for remaining coverage for a group of reinsurance contracts held depicting the recovery of losses.

The Group calculates the loss-recovery component by multiplying the loss recognised on the underlying insurance contracts and the percentage of claims on the underlying insurance contracts the Group expects to recover from the group of reinsurance contracts held. The Group uses a systematic and rational method to determine the portion of losses recognised on the group to insurance contracts covered by the group of reinsurance contracts held where some contracts in the underlying group are not covered by the group of reinsurance contracts held. The loss-recovery component adjusts the carrying amount of the asset for remaining coverage

FOR THE YEAR ENDED 31 DECEMBER 2024

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTD.)

g) Insurance contracts - subsequent measurement

The Group measures the carrying amount of the liability for remaining coverage at the end of each reporting period as the liability for remaining coverage at the beginning of the period:

- Plus premiums received in the period
- Minus any insurance acquisition cash flows at that date, unless the entity chooses to recognize the payment as an expense
- Plus any amounts relating to the amortisation of the insurance acquisition cash flows recognised as an expense in the reporting period for the group
- Plus any adjustment to the financing component, where applicable
- Minus the amount recognised as insurance revenue for the services provided in the period
- Minus any investment component paid or transferred to the liability for incurred claims if any

The Group estimates the liability for incurred claims as the fulfilment cash flows related to incurred claims. The fulfilment cash flows incorporate, in an unbiased way, all reasonable and supportable information available without undue cost or effort about the amount, timing and uncertainty of those future cash flows, they reflect current estimates from the perspective of the Group and include an explicit adjustment for non-financial risk (the risk adjustment). The Group adjusts the future cash flows for the time value of money and the effect of financial risk for the measurement of liability for incurred claims that are expected. Where, during the coverage period, facts and circumstances indicate that a group of insurance contracts is onerous, the Group recognises a loss in profit or loss for the net outflow, resulting in the carrying amount of the liability for the group being equal to the fulfilment cash flows. A loss component is established by the Group for the liability for remaining coverage for such onerous group depicting the losses recognised.

h) Reinsurance contracts held - subsequent measurement

The subsequent measurement of reinsurance contracts held follows the same principles as those for insurance contracts issued and has been adapted to reflect the specific features of reinsurance held. Where the Group has established a loss-recovery component, the Group subsequently reduces the loss-recovery component to zero in line with reductions in the onerous group of underlying insurance contracts in order to reflect that the loss-recovery component shall not exceed the portion of the carrying amount of the loss component of the onerous group of underlying insurance contracts that the entity expects to recover from the group of reinsurance contracts held.

i) Insurance acquisition cash flows

Insurance acquisition cash flows arise from the costs of selling, underwriting and starting a group of insurance contracts (issued or expected to be issued) that are directly attributable to the portfolio of insurance contracts to which the group belongs. The Group uses a systematic and rational method to allocate insurance acquisition cash flows that are directly attributable to a group of insurance contracts:

- to that group; and
- to groups that include insurance contracts that are expected to arise from the renewals of the insurance contracts in that group.

Where insurance acquisition cash flows have been paid or incurred before the related group of insurance contracts is recognised in the statement of consolidated financial position, a separate asset for insurance acquisition cash flows is recognised for each related group. The asset for insurance acquisition cash flow is derecognised from the consolidated statement of financial position when the insurance acquisition cash flows are included in the initial measurement of the related group of insurance contracts.

j) Insurance contracts - modification and derecognition

The Group derecognises insurance contracts when the rights and obligations relating to the contract are extinguished (i.e., discharged, cancelled or expired).

When a modification is not treated as a derecognition, the Group recognises amounts paid or received for the modification with the contract as an adjustment to the relevant liability for remaining coverage.

FOR THE YEAR ENDED 31 DECEMBER 2024

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTD.)

k) Presentation

For presentation in the consolidated statement of financial position, the Group will aggregate insurance and reinsurance contracts issued and reinsurance contracts held, respectively and present separately:

- Portfolios of insurance and reinsurance contracts issued that are assets.
- Portfolios of insurance and reinsurance contracts issued that are liabilities.
- Portfolios of reinsurance contracts held that are assets.
- Portfolios of reinsurance contracts held that are liabilities.

The portfolios referred to above are those established at initial recognition in accordance with the IFRS 17 requirements. Portfolios of insurance contracts issued include any assets for insurance acquisition cash flows

I. Insurance revenue

The insurance revenue for the period is the amount of expected premium receipts (excluding any investment component if any) allocated to the period. The Group allocates the expected premium receipts to each period of insurance contract services on the basis of the passage of time. But if the expected pattern of release of risk during the coverage period differs significantly from the passage of time, then the allocation is made based on the expected timing of incurred insurance service expenses and release of risk.

The Group changes the basis of allocation between the two methods above as necessary, if facts and circumstances change. The change is accounted for prospectively as a change in accounting estimate.

II. Loss components

The Group assumes that no contracts are onerous at initial recognition unless facts and circumstances indicate otherwise. Where this is not the case, and if at any time during the coverage period, the facts and circumstances indicate that a group of insurance contracts is onerous, the Group establishes a loss component as the excess of the fulfilment cash flows that relate to the remaining coverage of the group over the carrying amount of the liability for remaining coverage of the group as determined. Accordingly, by the end of the coverage period of the group of contracts the loss component will be zero.

III. Loss-recovery components

The Group recognises a loss on initial recognition of an onerous group of underlying insurance contracts, or when further onerous underlying insurance contracts are added to a group, the Group establishes a loss-recovery component of the asset for remaining coverage for a group of reinsurance contracts held depicting the expected recovery of the losses.

A loss-recovery component is subsequently reduced to zero in line with reductions in the onerous group of underlying insurance contracts in order to reflect that the loss-recovery component shall not exceed the portion of the carrying amount of the loss component of the onerous group of underlying insurance contracts that the entity expects to recover from the group of reinsurance contracts held.

IV. Insurance finance income and expense

Insurance finance income or expenses comprise the change in the carrying amount of the group of insurance contracts arising from:

- The effect of the time value of money and changes in the time value of money; and
- The effect of financial risk and changes in financial risk.

The Group does not disaggregates insurance finance income or expenses on insurance contracts between profit or loss and OCI. The impact of changes in market interest rates on the value of the insurance assets and liabilities are reflected in the profit or loss statement.

V. Net income or expense from reinsurance contracts held

The Group presents the amount expected to be recovered from reinsures, and allocation of reinsurance premium paid together as Net income / (expense) from reinsurance contracts separately on the face of the consolidated statement of profit or loss. The Group treats reinsurance cash flows that are contingent on claims on the underlying contracts as part of the claims that are expected to be reimbursed under the reinsurance contract held and excludes investment components and commissions from an allocation of reinsurance premiums presented on the face of the consolidated statement of profit or loss.

FOR THE YEAR ENDED 31 DECEMBER 2024

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTD.)

CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash on hand, bank balances and short-term highly liquid assets (placements with financial institutions) with original maturities of three months or less when acquired that are subject to insignificant risk of changes in their fair value and are used by the Group in the management of its short-term commitments. Bank balances that are restricted and not available for day to day operations of the Group are not included in cash and cash equivalents.

INVESTMENTS

Investment securities are classified as 'at fair value through profit or loss', which includes financial assets held for trading and those designated at fair value on initial recognition, 'available for sale', 'held to maturity' or 'loans and receivables'. Management determines the appropriate classification of investments at the time of purchase.

Securities are classified as at fair value through profit or loss if they are acquired for the purpose of generating a profit from short-term fluctuations in price or if so designated by management. Investments with fixed or determinable payments and fixed maturity that the management has the intent and ability to hold to maturity are classified as held to maturity. Financial instruments with fixed or determinable payments and that are not quoted in an active market are categorised as loans and receivables. Securities intended to be held for an indefinite period of time and those that are not classified as at fair value through profit or loss, held to maturity or loans and receivables, which may be sold in response to needs for liquidity or changes in interest rates, are classified as available for sale.

All purchases and sales of investments are recognised at the settlement date. All investment assets are recognised initially at cost. After initial recognition, investments are valued using principles described below.

Investments at fair value through profit or loss and investments available for sale are carried at fair value. Held to maturity investments and loans and receivables are carried at amortised cost, less any adjustment necessary for impairment.

Fair values are measured using market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in valuation (see note 31).

PROVISION FOR IMPAIRMENT OF FINANCIAL ASSETS

A provision is made in respect of a financial asset for which there is an objective evidence of impairment if its carrying amount is greater than its estimated recoverable amount.

Provisions for assets carried at amortised cost are calculated as the difference between the carrying amount of the assets and the present value of expected future cash flows discounted at their original effective interest rate. By comparison, the recoverable amount of an instrument carried at cost is the present value of expected future cash flows discounted at the current market rate of interest for a similar financial asset.

In the case of available for sale financial assets, the Group assesses at each statement of financial position date whether there is an objective evidence of impairment of such assets. If any such evidence exists, the impairment measured as the difference between acquisition cost and recoverable amount less any impairment previously recognised in the statement of profit or loss is recognised in consolidated statement of profit or loss. Evidence of impairment considers among other factors significant or prolonged decline in market values and financial difficulties of the issuer. Impairment recognised is not reversed subsequently except in case of debt instruments.

INVESTMENT IN ASSOCIATED COMPANIES

Investments in associated companies are accounted for using the equity method, less any adjustment necessary for impairment. Associated companies are defined as those companies over which the Group is able to exercise significant influence but not control or joint control over the financial and operating policy decisions.

FOR THE YEAR ENDED 31 DECEMBER 2024

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTD.)

INTANGIBLE ASSETS

Expenditure on software, patents, present value of future profits on acquisition of portfolio and licenses are capitalised and amortised using the straight line basis over their expected useful lives, not exceeding a period of 5 years.

Costs associated with developing computer software programmes are recognised as an expense when incurred. However, costs that are clearly associated with an identifiable and unique product, which will be controlled by the Group and has a probable benefit exceeding the costs beyond one year, are recognised as intangible assets. Costs include staff costs of the development team and an appropriate portion of relevant overheads.

Expenditure, which enhances and extends the benefits of computer software programmes beyond their original specifications and lives is recognised as a capital improvement and added to the original cost of the software. The carrying amount of intangible assets is reviewed annually and adjusted for impairment where it is considered necessary.

PROPERTY & EQUIPMENT

Property & equipment are stated at cost less accumulated depreciation except for land and building which are carried at their revalued amount being fair value on date of valuation on a rolling basis by independent external valuers, less accumulated depreciation. On revaluation, any increase in the carrying amount of the asset is carried in the shareholders' equity as Property Revaluation Reserve and any decrease is recognised as an expense, except to the extent that it reverses decreases or increases previously recognised through income or shareholders' equity. The balance in the Property Revaluation Reserve is transferred directly to Retained Earnings on sale of property and realization of surplus. Further, the difference between depreciation based on the revalued carrying amounts and the depreciation based on original cost of the property is transferred directly from Property Revaluation Reserve to Retained Earnings.

The cost of additions and major improvements are capitalised; maintenance and repairs are charged to expense as incurred. Gains or losses on disposal are reflected in other income. Depreciation is provided on straight-line basis over the expected useful lives of the assets, which are as follows:

Building	40 years
Electrical and mechanical	20 years
Information systems, furniture, equipment and others	3-5 years

Useful lives and residual values are reassessed at each reporting period and adjusted accordingly. At each reporting date, the Group reviews the carrying amounts to determine whether there is any indication of impairment. If any such indication exists, then the assets recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or Cash Generating Units (CGU).

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

FOR THE YEAR ENDED 31 DECEMBER 2024

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTD.)

PROVISIONS

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. Employee entitlements are recognised when they accrue to employees, with a provision being carried for the estimated liability as a result of services rendered upto the statement of financial position date.

POST EMPLOYMENT OBLIGATIONS

The Group operates a defined benefit plan for its employees.

For defined benefit plans, the accounting cost is charged to the consolidated statement of profit or loss so as to spread it over the expected service lives of employees. The accounting costs under these plans are measured as the present value of the estimated future cash outflows using interest rates of government securities, which have terms to maturity approximating the terms of the related liability.

During the year ended 31 December 2024, in accordance with the change in the Social Insurance Organsation ("SIO") regulations made through resolution no. 109 of 2023, effective from 1 March 2024, the employer needs to pay the end-of-service contribution to SIO in accordance with the provisions of the Bahrain Labour Law in respect of the expatriate employees registered with SIO. SIO shall disburse the contributed amount to employees on completion of the employment term. The amount accrued by the Company until 28 February 2024 and the excess amount after the SIO contribution, shall be maintained and settled by the Company with the respective employee.

TREASURY STOCK

Treasury stock representing shares purchased by the parent company or its consolidated subsidiaries are carried at cost with the exception of holdings as on the date of capital reduction, 4 July 2002, which are carried at nominal value. All treasury stock is presented as a deduction from shareholders' equity and gains and losses from sale of these shares are presented as a change in shareholders' equity.

INVESTMENT INCOME

Investment income comprises interest and dividend receivable for the financial year. Interest is recognised on the effective interest rate method and dividends are recognised when declared. Gains and losses arising from changes in the fair value of investments at fair value through profit or loss are included in the statement of profit or loss in the period in which they arise. Gains and losses arising from changes in the fair value of investments designated at fair value through other comprehensive income are recognised in other comprehensive income and carried in investment revaluation income as part of equity. When available for sale investments are disposed or are impaired, the related fair value adjustments are included in the statement of profit or loss.

Investment income arising from insurance business investment assets are allocated to the underwriting results of insurance businesses based on the proportion of their respective insurance funds to shareholders' funds during the financial year.

FOREIGN CURRENCY TRANSLATION

Transactions denominated in currencies other than U.S. Dollars are recorded at the rates ruling at the date of the transaction. All monetary and non-monetary assets carried at fair value denominated in currencies other than U.S. Dollars are translated at year-end exchange rates.

Unrealised gains or losses on translation are taken to income except in respect of non-monetary available for sale investments, which are taken to other comprehensive income until they are disposed.

Unrealised gains and losses on translation of financial statements of subsidiaries are included in equity. Other foreign currency gains and losses are taken to income.

FOR THE YEAR ENDED 31 DECEMBER 2024

4. ACCOUNTING ESTIMATES AND JUDGEMENTS

In preparing these consolidated financial statements, management has made judgements and estimates that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

a. Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the consolidated financial statements is included in the following notes:

i) Notes 6 and 7 - impairment of financial assets: establishing the criteria for determining whether credit risk on the financial asset has increased significantly since initial recognition, determining the methodology for incorporating forward-looking information into the measurement of ECL and selection and approval of models used to measure ECL;

ii) Note 3 - classification of financial assets: assessing the business model within which the assets are held and whether the contractual terms of the assets are solely payments of principal and interest on the principal amount outstanding;

iii) Note 3 - classification of insurance, reinsurance contracts: assessing whether the contract transfers significant insurance risk and whether an insurance contract contains direct participation features;

iv) Note 3 - level of aggregation of insurance and reinsurance contracts: identifying portfolios of contracts and determining groups of contracts that are onerous on initial recognition and those that have no significant possibility of becoming onerous subsequently;

v) Notes 12 and 3 - measurement of insurance and reinsurance contracts: determining the techniques for estimating risk adjustments for non-financial risk and the coverage units provided under a contract.

b. Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties at 31 December 2024 that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial year is included in the following notes:

i) Note 3 - impairment of financial assets: determination of inputs into the ECL measurement model, including key assumptions used in estimating recoverable cash flows and incorporation of forward-looking information;

ii) Note 7 - measurement of the fair value of financial instruments.

c. Going concern

At the Extraordinary General Meeting (EGM) on 13 August 2020, the Shareholders had decided to cease writing business and place the insurance portfolio in runoff. The Shareholders also authorised the Board of Directors to look for potential buyers to divest their shares in the company or sale of re-insurance portfolio of the Company. This decision to cease writing business had a significant impact on the strategic direction and future of the Company. The company has sought the approval of CBB to implement the resolution of the shareholders.

As there are risks relating to contracts from both life & non-life book have not yet expired and will only expire after considerable time, Management expect that the proposed run-off of the existing insurance portfolio will take more than 12 months. The company is highly liquid with cash and short-term deposits (less than 3 months) of US$ 32.5 million as on 1 Jan 2025 and has surplus capital as compared to its book of business.

4. ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTD.)

The Company is continuing with its other activities including that of managing investments representing the Shareholders and Policyholders funds.

Considering the above, it is expected that the Company would be a going concern in the next 12 months. Therefore, the consolidated financial statements have been prepared on going concern basis.

5. MANAGEMENT OF INSURANCE RISK

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.

The following is a summary of policies adopted to mitigate the key insurance risks facing the Group:

i) Underwriting risks:

The Group manages its underwriting risks principally through policies and guidelines for accepting risks and reinsurance arrangements.

Risks are accepted based on an evaluation of pricing and prior underwriting experience in accordance with underwriting guidelines that have been laid out for each line of business. Underwriting guidelines are constantly reviewed and updated to take account of market developments, performance and opportunities. Accumulation limits are set to control exposures to natural hazards and catastrophes. Various underwriting and approval limits are specified for accepting risks.

Acceptance of risks that do not meet specified minimum criteria are subject to agreement of an Underwriting Review Committee comprising representatives from the Marketing, Underwriting and Actuarial functions. The reinsurance strategy of the Group is designed to protect exposures to individual and event risks based on current risk exposures through cost effective reinsurance arrangements.

Reserving risks are addressed by ensuring prudent and appropriate reserving for business written by the Group, thus ensuring that sufficient funds are available to cover future claims. Reserving practices involve the use of actuarial analysis and application of underwriting judgement. These are supplemented by periodical independent actuarial reviews for determining the adequacy of reserves

ii) Credit risks:

Credit risk under insurance contracts is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk is controlled through terms of trade for receipt of premium and in certain cases enforcement of premium warranty conditions. Most of the counterparties are insurance companies that are generally not rated. However, there are no significant exposures from any one counterparty.

Reinsurance arrangements are effected with reinsurers whose creditworthiness is assessed on the basis of satisfying minimum rating and financial strength criteria. Exposure to any single reinsurer generally does not exceed a maximum of 25% of total exposure and risks are generally placed with counterparties with minimum investment grade rating except for proportional treaty arrangements placed on reciprocal basis.

FOR THE YEAR ENDED 31 DECEMBER 2024

5. MANAGEMENT OF INSURANCE RISK (CONTD.)

iii) Currency risks:

As the Company writes business in various currencies, it is exposed to currency risk. Foreign exchange currency risks are hedged where exposures are significant and facility to hedge is available.

(US$ '000)

2024	Euro	Pound Sterling	Indian Rupee	Kuwaiti Dinar	Other
Reinsurance assets (liabilities), net	106	(1,313)	(2,332)	(6,675)	(9,928)

(US$ '000)

2023	Euro	Pound Sterling	Indian Rupee	Kuwaiti Dinar	Other
Reinsurance assets (liabilities), net	(176)	(1,094)	(2,910)	(8,377)	(10,823)

iv) Liquidity risks:

Liquidity risk is the risk that cash may not be available to pay obligations when due. Limits have been specified in the investment policy and guidelines that requires a significant portion of investment funds representing insurance liabilities to be held in cash or readily marketable debt securities.

v) Sensitivity analysis:

The sensitivity of the Group's income to market risks is as follows:

(US$ '000)

	2024	2023
10% increase in US Dollar exchange rate	3,525	4,412
10% decrease in US Dollar exchange rate	(4,308)	(5,392)

FOR THE YEAR ENDED 31 DECEMBER 2024

5. MANAGEMENT OF INSURANCE RISK (CONTD.)

The sensitivity based on PAA approach for insurance / reinsurance contract liabilities for parent company is shown below:

2024 (US$ '000)

PAA business	Changes in assumption %	Insurance contract liabilities	Reinsurance contract assets	Net liabilities
Discount rate +1%	1.0%	1,446	(140)	1,306
Discount rate -1%	-1.0%	(1,494)	144	(1,350)
Risk adjustment +2.5%	2.5%	(1,537)	165	(1,371)
Risk adjustment -2.5%	-2.5%	459	(23)	436

2023 (US$ '000)

PAA business	Changes in assumption %	Insurance contract liabilities	Reinsurance contract assets	Net liabilities
Discount rate +1%	1.0%	1,804	(156)	1,648
Discount rate -1%	-1.0%	(1,864)	161	(1,703)
Risk adjustment +2.5%	2.5%	(1,959)	175	(1,784)
Risk adjustment -2.5%	-2.5%	760	(43)	717

The impact on CSM, profit or loss and on equity for parent company is shown below:

2024 (US$ '000)

		Impact on CSM		Impact on p & l		Impact on equity	
GMM business	Changes in assumption %	Gross	Net	Gross	Net	Gross	Net
Risk adjustment -2.5%	-2.5%	10	10	57	57	57	57
Risk adjustment +2.5%	2.5%	(10)	(10)	(81)	(81)	(81)	(81)
Discount rate -1%	-1.0%	-	-	(167)	(167)	(167)	(167)
Discount rate +1%	1.0%	-	-	152	152	152	152

2023 (US$ '000)

		Impact on CSM		Impact on p & l		Impact on equity	
GMM business	Changes in assumption %	Gross	Net	Gross	Net	Gross	Net
Risk adjustment -2.5%	-2.5%	15	15	85	85	85	85
Risk adjustment +2.5%	2.5%	(15)	(15)	(109)	(109)	(109)	(109)
Discount rate -1%	-1.0%	-	-	(282)	(282)	(282)	(282)
Discount rate +1%	1.0%	-	-	252	252	252	252

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5. MANAGEMENT OF INSURANCE RISK (CONTD.)

2024 (US$ '000)

GMM business	Changes in assumption %	Insurance contract liabilities	Net Insurance liabilities
Risk adjustment -2.5%	-2.5%	57	57
Risk adjustment +2.5%	2.5%	(81)	(81)
Discount rate -1%	-1.0%	(167)	(167)
Discount rate +1%	1.0%	152	152

2023 (US$ '000)

GMM business	Changes in assumption %	Insurance contract liabilities	Net Insurance liabilities
Risk adjustment -2.5%	-2.5%	85	85
Risk adjustment +2.5%	2.5%	(109)	(109)
Discount rate -1%	-1.0%	(282)	(282)
Discount rate +1%	1.0%	252	252

6. CASH AND BANK BALANCES

(US$ '000)

	2024	2023
Cash and bank balances	28,525	40,432
Deposits with maturity of 3 months or less	4,000	-
Deposits with maturity over 3 months	20,905	179,145
	53,430	**219,577**

Details of significant terms and conditions, exposures to credit, interest rate and currency risks are as follows:

i) Credit risk:

Bank balances and deposits with short term maturities are held with leading financial institutions. The Group limits its concentration of time deposits with any one financial institution to a maximum of 10% of shareholders' equity.

ii) Interest rate risk:

(US$ '000)

	2024	2023
Interest receivable basis:		
- Bank balances	Daily/Monthly	Daily/Monthly
- Deposits with short term maturities	On maturity	On maturity
Effective rates	0.01% - 5.05%	0.01% - 6.5%

FOR THE YEAR ENDED 31 DECEMBER 2024

6. CASH AND BANK BALANCES (CONTD.)

As the deposits are short term maturities, there is no sensitivity to interest rate fluctuation.

iii) Currency risk:

(US$ '000)

	2024	2023
U.S. Dollar	48,399	201,147
UAE Dirham	367	10,298
Bahraini Dinar	3,916	6,610
Pound Sterling	306	983
Euro	273	347
Other	169	192
	53,430	**219,577**

7. INVESTMENTS

(US$ '000)

	2024	2023
At fair value through profit or loss		
Debt securities		
- Investment grade	19,050	18,448
Common stock of unlisted companies	1,013	1,599
Other equity type investment	6,077	8,449
	26,140	28,496
At fair value through other comprehensive income		
Debt securities		
- Supra-nationals and OECD country governments	214,950	50,254
- Investment grade	29,025	54,853
- Other	35,304	34,329
Common stock of unlisted companies	1,000	1,000
	280,279	140,436
Investment in associate	550	518
	306,969	169,450
Expected credit losses	(375)	(262)
	306,594	**169,188**

Details of significant exposures to credit, interest rate and currency risks on investments are as follows:

i) Credit risk:

The Group limits its investment concentration in debt securities in any one investee and in any one industry group to 10% and 20% respectively, of the total debt securities portfolio.

The Group also limits its investment concentration in common stock of listed companies of any one issue and any one issuer to 5% and 10% respectively, of its budgeted equity portfolio at the time of purchase.

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7. INVESTMENTS (CONTD.)

ii) Debt securities - interest rate risk:

2024	Interest receivable basis	Effective Rates	Coupon Rates
Supra-nationals and OECD country government securities	Monthly/Semi-annual/ Annual	3.500% - 5.000%	3.500% - 5.000%
Investment grade debt Securities	Monthly/Semi-annual/ Annual	1.625% - 5.839%	1.625% - 5.839%
Other debt securities	Monthly/Semi-annual/ Annual	1.740% - 5.500%	1.740% - 5.500%

2023	Interest receivable basis	Effective Rates	Coupon Rates
Supra-nationals and OECD country government securities	Monthly/Semi-annual/ Annual	3.875% - 5.000%	3.875% - 5.000%
Investment grade debt Securities	Monthly/Semi-annual/ Annual	1.125% - 5.839%	1.125% - 5.839%
Other debt securities	Monthly/Semi-annual/ Annual	1.740% - 5.500%	1.740% - 5.500%

iii) Debt securities - currency risk:

(US$ '000)

2024	**U.S. Dollar**	**Bahraini Dinar**	**Total**
Supra-nationals and OECD country government securities	214,950	-	214,950
Investment grade debt securities	48,075	-	48,075
Other debt securities	31,336	3,968	35,304
	294,361	**3,968**	**298,329**

(US$ '000)

2023	U.S. Dollar	Bahraini Dinar	Total
Supra-nationals and OECD country government securities	50,254	-	50,254
Investment grade debt securities	73,301	-	73,301
Other debt securities	30,388	3,941	34,329
	153,943	**3,941**	**157,884**

FOR THE YEAR ENDED 31 DECEMBER 2024

7. INVESTMENTS (CONTD.)

iv) Debt securities - remaining term to maturity:

The principal amount and book values of debt securities are shown in the table below by contractual maturity.

(US$ '000)

	2024		2023	
	Principal Amount	Book value	Principal Amount	Book value
Supra-nationals and OECD country government securities:				
- Due in one year or less	50,000	50,176	-	-
- One to five years	166,000	164,774	50,000	50,254
	216,000	214,950	50,000	50,254
Debt securities of investment grade issuers:				
- Due in one year or less	12,000	11,871	22,000	21,678
- One to five years	31,500	30,018	49,000	45,745
- More than five years	6,500	6,186	6,500	5,878
	50,000	48,075	77,500	73,301
Other debt securities:				
- Due in one year or less	18,426	17,166	944	-
- One to five years	19,000	18,138	36,482	34,329
	37,426	35,304	37,426	34,329
	303,426	**298,329**	**164,926**	**157,884**

v) Common stock:

Common stocks have no fixed maturity dates and are generally not exposed to interest rate risk. However, they are subject to price risk and its sensitivity is shown in note 8. Dividends are generally declared on an annual basis.

The book value of common stock classified by currencies in which they are denominated are as follows:

(US$ '000)

	2024	2023
U.S. Dollar	1,013	1,599
Other	1,000	1,000
	2,013	**2,599**

vi) Commitments outstanding:

The Group has commitments in respect of uncalled capital in at fair value through profit or loss investments amounting to US$ 5.4 million (31 December 2023: US$ 8.5 million).

FOR THE YEAR ENDED 31 DECEMBER 2024

8. SENSITIVITY ANALYSIS

The sensitivity of the Group's profit or loss and total equity to market risks on its cash and cash equivalents and investments is as follows:

(US$ '000)

	2024		2023	
	Income	Equity	Income	Equity
Interest rate				
+ 100 basis points shift in yield curves-debt instruments	(476)	(7,926)	(336)	(3,481)
– 100 basis points shift in yield curves-debt instruments	290	3,301	339	1,622
Currency risk				
10% increase in US Dollar exchange rate	(820)	-	(2,034)	-
10% decrease in US Dollar exchange rate	998	-	2,486	-

9. MOVEMENT OF THE LIABILITY FOR REMAINING COVERAGE AND THE LIABILITY FOR INCURRED CLAIMS FOR REINSURANCE CONTRACTS

(US$ '000)

2024	LfRC*		LfIC for contracts measured under PAA		Total
	Excl. LC	LC*	PVCF*	RA*	
Opening reinsurance contract assets	(757)	-	7,367	36	6,646
Opening reinsurance contract liabilities	(2,581)	-	243	11	(2,327)
	(3,338)	-	7,610	47	4,319
Net income or expense from reinsurance contracts held					
- Allocation of reinsurer premium	(1,191)	-	-	-	(1,191)
- Changes that relate to past services-adjustments to LIC*	-	-	(832)	(16)	(848)
- Expenses directly attributable to reinsurance	-	-	(473)	-	(473)
Reinsurance finance income through profit or loss	-	-	315	-	315
Net foreign exchange income or expense	-	-	-	-	-
Total changes in statement of profit or loss and OCI*	**(1,191)**	**-**	**(990)**	**(16)**	**(2,197)**
Premiums paid to reinsurer net of commission	1,211	-	-	-	1,211
Directly attributable expenses paid	-	-	504	-	504
Recoveries from reinsurance	-	-	(192)	-	(192)
Total cash flows	**1,211**	**-**	**312**	**-**	**1,523**
Closing reinsurance contract assets	263	-	7,493	19	7,775
Closing reinsurance contract liabilities	(3,581)	-	(561)	12	(4,130)
	(3,318)	**-**	**6,932**	**31**	**3,645**

*LIC - Liability for incurred claims
*LFRC - Liability for remaining coverage
* PVCF - Present value of cash flow
* RA - Risk adjustment
* LC - Loss components
* OCI - Other comprehensive income

FOR THE YEAR ENDED 31 DECEMBER 2024

9. MOVEMENT OF THE LIABILITY FOR REMAINING COVERAGE AND THE LIABILITY FOR INCURRED CLAIMS FOR REINSURANCE CONTRACTS (CONTD.)

(US$ '000)

2023	LfRC*		LfIC for contracts measured under PAA		Total
	Excl. LC	LC*	PVCF*	RA*	
Opening reinsurance contract assets	(2,308)	-	8,228	26	5,946
Opening reinsurance contract liabilities	(1,424)	-	(114)	9	(1,529)
	(3,732)	-	8,114	35	4,417
Net income or expense from reinsurance contracts held					
- Allocation of reinsurer premium	(1,381)	-	-	-	(1,381)
- Changes that relate to past services-adjustments to LIC*	-	-	(244)	12	(232)
- Expenses directly attributable to reinsurance	-	-	(496)	-	(496)
Reinsurance finance income through profit or loss	-	-	380	-	380
Net foreign exchange income or expense	-	-	-	-	-
Total changes in statement of profit or loss and OCI*	**(1,381)**	**-**	**(360)**	**12**	**(1,729)**
Premiums paid to reinsurer net of commission	1,775	-	-	-	1,775
Directly attributable expenses paid	-	-	560	-	560
Recoveries from reinsurance	-	-	(704)	-	(704)
Total cash flows	**1,775**	**-**	**(144)**	**-**	**1,631**
Closing reinsurance contract assets	(757)	-	7,367	36	6,646
Closing reinsurance contract liabilities	(2,581)	-	243	11	(2,327)
	(3,338)	**-**	**7,610**	**47**	**4,319**

FOR THE YEAR ENDED 31 DECEMBER 2024

10. OTHER ASSETS

(US$ '000)

	2024	2023
Intangible assets		
- Computer software	10,010	9,994
	10,010	9,994
Less: Accumulated amortization	(9,677)	(9,669)
	333	325
Other assets		
- Collateralised cash deposits	342	7,718
- Other receivables	19	359
- Prepayments	445	651
	806	8,728
	1,139	**9,053**
Movement in intangible assets:		
Net book value at 1 January	325	333
- Additions	17	-
- Amortization charge	(9)	(8)
Net book value at 31 December	**333**	**325**

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

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11. PROPERTY AND EQUIPMENT

(US$ '000)

	2024	2023
Land	1,972	1,972
Building	3,144	3,144
Furniture and fixtures	6,920	6,920
Hardware	2,225	2,270
Office equipments	411	460
Others	671	671
	15,343	**15,437**
Less: Accumulated depreciation and impairment		
Building	(320)	(160)
Furniture and fixtures	(6,909)	(6,908)
Hardware	(2,215)	(2,263)
Office equipments	(406)	(454)
Others	(435)	(397)
	(10,285)	(10,182)
	5,058	**5,255**
Movements in property and equipment:		
Net book value at 1 January	5,255	10,269
- Transferred to investment property	-	(1,550)
- Sale of TRL office property	-	(3,401)
- Additions	126	274
- Disposals	-	-
- Depreciation charge	(323)	(337)
Net book value at 31 December	**5,058**	**5,255**

Land and Building comprise the head office property owned and occupied by the Company since 1984.

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12. MOVEMENT OF THE LIABILITY FOR REMAINING COVERAGE AND THE LIABILITY FOR INCURRED CLAIMS FOR INSURANCE CONTRACTS

(US$ '000)

2024	LfRC		LfIC for contracts measured under GMM*	LfIC for contracts measured under PAA		Total
	Excl. LC	LC		PVCF	RA	
Opening insurance contract assets of parent	-	-	-	-	-	-
Opening insurance contract liabilities of parent	1,438	-	(974)	(95,099)	(900)	(95,535)
	1,438	-	(974)	(95,099)	(900)	(95,535)
Insurance revenue	1,639	-	-	-	-	1,639
Insurance service expenses						
- Incurred benefits and expenses	-	-	-	(6,291)	-	(6,291)
- Changes that relate to past services - adjustment to LfIC	-	-	(143)	15,589	289	15,735
- Amortisation of insurance acquisition cash flows	(639)	-	-	-	-	(639)
Insurance finance expenses through profit or loss	(227)	-	(37)	(3,717)	-	(3,981)
Insurance finance expenses through OCI	-	-	-	-	-	-
Net foreign exchange income or expense	(2)	-	-	-	-	(2)
Total changes in statement of profit or loss and OCI	**771**	**-**	**(180)**	**5,581**	**289**	**6,461**
Premiums received	(1,528)	-	-	-	-	(1,528)
Claims paid	-	-	177	6,036	-	6,213
Directly attributable expenses paid	-	-	-	6,730	-	6,730
Acquisition cost paid	653	-	-	-	-	653
Total cash flows	**(875)**	**-**	**177**	**12,766**	**-**	**12,068**
Closing insurance contract assets	-	-	-	-	-	-
Closing insurance contract liabilities	1,334	-	(977)	(76,752)	(611)	(77,006)
Insurance contract liabilities of parent	1,334	-	(977)	(76,752)	(611)	(77,006)
Technical reserve of subsidiaries	-	-	-	-	-	(747)
Account payables of subsidiaries	-	-	-	-	-	(40)
Total insurance contract liabilities	**-**	**-**	**-**	**-**	**-**	**(77,793)**

*GMM - General Measurement Model

FOR THE YEAR ENDED 31 DECEMBER 2024

12. MOVEMENT OF THE LIABILITY FOR REMAINING COVERAGE AND THE LIABILITY FOR INCURRED CLAIMS FOR INSURANCE CONTRACTS (CONTD.)

(US$ '000)

2023	LfRC		LfIC for contracts measured under GMM*	LfIC for contracts measured under PAA		Total
	Excl. LC	LC		PVCF	RA	
Opening insurance contract assets of parent	-	-	-	-	-	-
Opening insurance contract liabilities of parent	7,881	-	(1,067)	(111,443)	(1,018)	(105,647)
	7,881	-	(1,067)	(111,443)	(1,018)	(105,647)
Insurance revenue	1.167	-	-	-	-	1,167
Insurance service expenses						
- Incurred benefits and expenses	-	-	-	(6,587)	-	(6,587)
- Changes that relate to past services - adjustment to LfIC	-	-	44	11,533	118	11,695
- Amortisation of insurance acquisition cash flows	(857)	-	-	-	-	(857)
Insurance finance expenses through profit or loss	(82)	-	(47)	(4,800)	-	(4,929)
Insurance finance expenses through OCI	-	-	-	-	-	-
Net foreign exchange income or expense	(4)	-	-	-	-	(4)
Total changes in statement of profit or loss and OCI	**224**	**-**	**(3)**	**146**	**118**	**485**
Premiums received	(7,647)	-	-	-	-	(7,647)
Claims paid	-	-	96	8,756	-	8,852
Directly attributable expenses paid	-	-	-	7,442	-	7,442
Acquisition cost paid	980	-	-	-	-	980
Total cash flows	**(6,667)**	**-**	**96**	**16,198**	**-**	**9,627**
Closing insurance contract assets	-	-	-	-	-	-
Closing insurance contract liabilities	1,438	-	(974)	(95,099)	(900)	(95,535)
Insurance contract liabilities of parent	1,438	-	(974)	(95,099)	(900)	(95,535)
Technical reserve of subsidiaries	-	-	-	-	-	(1,101)
Account payables of subsidiaries	-	-	-	-	-	(356)
Total insurance contract liabilities	**-**	**-**	**-**	**-**	**-**	**(96,992)**

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13. MOVEMENT OF THE COMPONENTS OF INSURANCE CONTRACT LIABILITIES

(US$ '000)

2024	BEL*	RA	CSM	Total
Opening insurance contract assets	-	-	-	-
Opening insurance contract liabilities	(4,638)	(683)	(275)	(5,596)
	(4,638)	(683)	(275)	(5,596)
Changes related to current services				
- CSM recognized in profit or loss	-	-	478	478
- Risk Adjustment recognized in profit or loss	-	181	-	181
- Experience adjustments	548	-	-	548
Changes related to future services				
Change in estimates that adjust CSM	834	133	(968)	(1)
Changes that relate to past service - adjustments to LfIC	(143)	-	-	(143)
Insurance finance expenses through profit or loss	(261)	-	(2)	(263)
Total changes in statement of profit or loss and OCI	**978**	**314**	**(492)**	**800**
Premiums received	(145)	-	-	(145)
Claims paid	177	-	-	177
Acquisition cost paid	2	-	-	2
Total cash flows	**34**	**-**	**-**	**34**
Closing insurance contract assets	-	-	-	-
Closing insurance contract liabilities	(3,626)	(369)	(767)	(4,762)
	(3,626)	**(369)**	**(767)**	**(4,762)**

*BEL - Best estimate of liabilities

FOR THE YEAR ENDED 31 DECEMBER 2024

13. MOVEMENT OF THE COMPONENTS OF INSURANCE CONTRACT LIABILITIES (CONTD.)

(US$ '000)

2023	BEL*	RA	CSM	Total
Opening insurance contract assets	-	-	-	-
Opening insurance contract liabilities	(4,917)	(730)	(446)	(6,093)
	(4,917)	(730)	(446)	(6,093)
Changes related to current services				
- CSM recognized in profit or loss	-	-	123	123
- Risk Adjustment recognized in profit or loss	-	(164)	-	(164)
- Experience adjustments	581	-	-	581
Changes related to future services				
Change in estimates that adjust CSM	(262)	211	51	-
Changes that relate to past service - adjustments to LfIC	44	-	-	44
Insurance finance expenses through profit or loss	(126)	-	(3)	(129)
Total changes in statement of profit or loss and OCI	**237**	**47**	**171**	**455**
Premiums received	(22)	-	-	(22)
Claims paid	96	-	-	96
Acquisition cost paid	(32)	-	-	(32)
Total cash flows	**42**	**-**	**-**	**42**
Closing insurance contract assets	-	-	-	-
Closing insurance contract liabilities	(4,638)	(683)	(275)	(5,596)
	(4,638)	**(683)**	**(275)**	**(5,596)**

14. MOVEMENT OF CONTRACTUAL SERVICE MARGIN FOR TRANSITIONAL APPROACHES

(US$ '000)

	2024	2023
Contractual service Margin	**Fair Value Approach (FVA)**	
Opening balance	275	446
Change related to current services		
- CSM recognized in profit or loss	(478)	(123)
Changes related to future services		
- Changes in estimates that adjust CSM	968	(51)
- Change in estimates that result in onerous contract or reversal of losses	2	3
Insurance finance expenses through profit or loss	-	-
Closing balance	**767**	**275**
Insurance Revenue	**1,207**	**541**

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15. CLAIMS DEVELOPMENT

The table below shows the incurred gross and net claims including unreported losses computed with reference to earned premiums, compared with previous estimates for the last 5 years:

(US$ '000)

	Underwriting year						
	2019	2020	2021	2022	2023	2024	**Total**
Gross							
Estimate of incurred claims costs:							
- At end of underwriting year	55,541	1,474	-	-	-	-	
- One year later	112,330	1,033	-	-	-	-	
- Two years later	110,136	845	-	-	-	-	
- Three years later	112,572	773	-	-	-	-	
- Four years later	40,198	675	-	-	-	-	
- Five years later	38,975	-	-	-	-	-	
Current estimate of incurred claims	38,975	675	-	-	-	-	39,650
Cumulative payments to date	(32,762)	(142)	-	-	-	-	(32,904)
Liability recognized	6,213	533	-	-	-	-	6,746
Liability in respect of prior years							81,924
Total liability included in the statement of financial position							**88,670**

(US$ '000)

	Underwriting year						
	2019	2020	2021	2022	2023	2024	**Total**
Net							
Estimate of incurred claims costs:							
- At end of underwriting year	48,217	1,474	-	-	-	-	
- One year later	92,768	1,033	-	-	-	-	
- Two years later	96,171	845	-	-	-	-	
- Three years later	89,262	773	-	-	-	-	
- Four years later	39,772	675	-	-	-	-	
- Five years later	38,523	-	-	-	-	-	
Current estimate of incurred claims	38,523	675	-	-	-	-	39,198
Cumulative payments to date	(32,352)	(142)	-	-	-	-	(32,494)
Liability recognized	6,171	533	-	-	-	-	6,704
Liability in respect of prior years							76,834
Total liability included in the statement of financial position							**83,538**

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16. OTHER LIABILITIES

(US$ ’000)

	2024	2023
Provision for probable loss estimates in a subsidiary (note 32 (iii))	1,013	3,613
Provision for doubtful receivables	-	1,572
Accrued expenses	1,037	1,049
Dividends payable	234	234
Other	1,912	979
	4,196	**7,447**
Balances due:		
- Within 12 months	4,066	7,310
- After 12 months	130	137
	4,196	**7,447**

17. SHAREHOLDERS’ EQUITY

i) Share capital:

a) Composition

	2024	2023
Authorised		
500 million ordinary shares of US$ 1 each	500,000	500,000
Issued, Subscribed and Fully Paid-up		
220 million (2023: 220 million) ordinary shares of US$ 1 each	220,000	220,000

The company’s shares are listed on Bahrain Bourse.

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17. SHAREHOLDERS' EQUITY (CONTD.)

b) Major Shareholders

Shareholders who have an interest of 5% or more of the outstanding and issued shares are as shown below:

Name	Nationality	No. of shares (in millions)		% of total outstanding shares		% of total issued shares	
		2024	2023	**2024**	2023	**2024**	2023
Central Bank of Libya	Libya	31.8	31.8	16.1	16.1	14.5	14.5
Emirates Investment Authority	UAE	-	30.5	-	15.4	-	13.8
Gulf Tamin Ltd. (Cayman Islands)	Cayman Islands	30.5	-	15.4	-	13.8	-
General Pension & Social Security Authority	UAE	27.5	27.5	13.9	13.9	12.5	12.5
Ahmed Omar Salem Alkorbi	UAE	21.7	21.7	10.9	10.9	9.9	9.9
Kuwait Investment Authority	Kuwait	20.0	20.0	10.1	10.1	9.1	9.1
Emirates Development Bank	UAE	11.0	11.0	5.6	5.6	5.0	5.0

c) Shareholding pattern

The shareholding pattern in the outstanding shares of the Company is as follows:

Shares	No. of shares (in millions)		% of total outstanding shares		% of total issued shares	
	2024	2023	**2024**	2023	**2024**	2023
Less than 1%	37.3	40.5	4,206	4,244	18.9%	20.4%
1% to 5%	18.3	15.1	6	5	9.2%	7.6%
5% to 10%	11.0	11.0	1	1	5.6%	5.6%
10% and above	131.5	131.5	5	5	66.4%	66.4%

ii) Treasury stock:

The Company held 21,885,118 of its own shares at 31 December 2024 (2023: 21,885,118 shares) which are carried at cost of US$ 14,793,000 (2023: US$ 14,793,000).

iii) Legal reserve:

In accordance with applicable legal provisions and Articles of Association, the Group is required to set aside 10% of net profits each year to build a Legal reserve up to a maximum of 100% of the paid up value of its share capital.

iv) Investment revaluation reserve:

Investment revaluation reserve comprises gains or losses arising from remeasurement of investments designated at fair value through other comprehensive income. These gains or losses are carried in the reserve until the assets are disposed of, at which time the gains or losses are included in profit or loss.

FOR THE YEAR ENDED 31 DECEMBER 2024

17. SHAREHOLDERS' EQUITY (CONTD.)

v) Property revaluation reserve:

Property revaluation reserve represents the difference between the cost of land and buildings less accumulated depreciation and their fair values. Further, the difference between depreciation based on the revalued carrying amounts and the depreciation based on original cost of the property is transferred directly from property revaluation reserve to retained earnings.

vi) Capital management:

The Group's total capital comprises paid-up capital, legal reserve and retained earnings less treasury shares. The Group's policy is to maintain a strong capital base so as to maintain client, investor and market confidence and to sustain future development of the business. The parent company is regulated by Central Bank of Bahrain, which sets and monitors capital requirement for the parent company. Central Bank of Bahrain (CBB) requires the parent company to compute the solvency margin requirement and disclose it in the annual report in accordance with provisions of the CBB Rule Book. The company is in compliance with the required margin of solvency.

Additionally, the Company manages its capital adequacy on an evaluation of its capital requirement through risk based capital models.

18. NON-CONTROLLING INTERESTS

(US$ '000)

	2024	2023
At 1 January	13,200	12,776
Share of comprehensive income	42	424
Subsidiary's capital reduction	(5,520)	-
At 31 December	**7,722**	**13,200**

19. INSURANCE REVENUE

(US$ '000)

	2024	2023
Amounts relating to change in LfRC		
- Expected benefits incurred	341	533
- Expected expenses incurred	196	91
- Change in the risk adjustment	181	(164)
- CSM recognized	478	123
Recovery of acquisition cash flows	1	-
Experience adjustments	10	(42)
Contracts not measured under PAA	**1,207**	**541**
Contracts measured under PAA	432	626
Insurance revenue of parent	1,639	1,167
Insurance revenue of subsidiaries	(24)	-
Total insurance revenue	**1,615**	**1,167**

FOR THE YEAR ENDED 31 DECEMBER 2024

20. INSURANCE SERVICE EXPENSES

(US$ '000)

	2024	2023
Incurred benefits	-	-
Incurred directly attributable expenses	6,291	6,586
Changes that relates to past services - adjustment to LfIC	(15,735)	(11,695)
Insurance acquisition costs	639	857
Insurance service expense of parent	(8,805)	(4,252)
Insurance service expense of subsidiaries	562	706
Total insurance service expense	**(8,243)**	**(3,546)**

21. NET EXPENSE OR INCOME FROM REINSURANCE CONTRACTS HELD

(US$ '000)

	2024	2023
Expected expenses for contracts not measured under PAA		
- Expected recovery of claims and other expenses	-	-
- Change in the risk adjustment	-	-
- CSM recognized	-	-
- Experience adjustments	-	-
Expected expenses for contracts measured under PAA	1,191	1,382
Allocation of reinsurer premium	**1,191**	**1,382**
Amounts recovered for claims and other expenses	-	-
Incurred directly attributable expenses	473	496
Changes that relate to past service – recoverable claims and other expenses	848	233
Changes in fulfilment cash flows that do not adjust underlying CSM	-	-
Effect of changes in the risk of reinsurers non-performance	-	-
Amounts recoverable from reinsurer and incurred expenses	**1,321**	**729**
Net expense from reinsurance contracts held	**2,512**	**2,111**

FOR THE YEAR ENDED 31 DECEMBER 2024

22. 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.

i) Analysis of revenue by primary business segment:

(US$ '000)

	Non-life					Life			
2024	Property	Engineering	Marine	Accident	Others	Short term	Long term	Unallocated operating expenses of subsidiaries	Total
Insurance revenue	(155)	752	(140)	35	(80)	(4)	1,207	-	1,615
Insurance service expense	885	5,342	316	1,304	(734)	2,117	(144)	(843)	8,243
Net income or expense from reinsurance contracts held	(189)	(1,503)	(105)	-	(644)	(71)	-	-	(2,512)
Insurance service result	**541**	**4,591**	**71**	**1,339**	**(1,458)**	**2,042**	**1,063**	**(843)**	**7,346**
Insurance finance expenses	(738)	(901)	(239)	(135)	(1,384)	(323)	(263)	-	(3,983)
Reinsurance finance income	29	57	27	-	202	1	-	-	316
	(709)	**(844)**	**(212)**	**(135)**	**(1,182)**	**(322)**	**(263)**	**-**	**(3,667)**

i) Analysis of revenue by primary business segment:

(US$ '000)

	Non-life					Life			
2023	Property	Engineering	Marine	Accident	Others	Short term	Long term	Unallocated operating expenses of subsidiaries	Total
Insurance revenue	119	427	(210)	(25)	295	20	541	-	1,167
Insurance service expense	1,356	591	974	920	697	(9)	44	(1,027)	3,546
Net income or expense from reinsurance contracts held	(172)	(1,476)	137	-	(495)	(105)	-	-	(2,111)
Insurance service result	**1,303**	**(458)**	**901**	**895**	**497**	**(94)**	**585**	**(1,027)**	**2,602**
Insurance finance expenses	(1,022)	(1,060)	(350)	(188)	(1,857)	(328)	(129)	-	(4,934)
Reinsurance finance income	41	74	23	-	242	1	-	-	381
	(981)	**(986)**	**(327)**	**(188)**	**(1,615)**	**(327)**	**(129)**	**-**	**(4,553)**

FOR THE YEAR ENDED 31 DECEMBER 2024

22. SEGMENT INFORMATION (CONTD.)

ii) Analysis of segment assets and liabilities:

(US$ '000)

	Non-Life					Life			
2024	Property	Engineering	Marine	Accident	Others	Short term	Long term	Corporate	Total
Reinsurance contract assets	185	(2,381)	742	-	5,088	11	-	-	3,645
Cash	2,634	1,894	1,852	1,120	2,097	972	2,045	40,816	53,430
Investments	16,232	11,359	8,515	5,311	24,867	6,838	14,416	219,056	306,594
Other	-	-	-	-	-	-	-	8,806	8,806
	19,051	**10,872**	**11,109**	**6,431**	**32,052**	**7,821**	**16,461**	**268,678**	**372,475**
Insurance contract liabilities	17,976	11,254	5,377	1,377	31,660	5,387	4,762	-	77,793
Other	-	-	-	-	-	-	-	4,196	4,196
	17,976	**11,254**	**5,377**	**1,377**	**31,660**	**5,387**	**4,762**	**4,196**	**81,989**

(US$ '000)

	Non-Life					Life			
2023	Property	Engineering	Marine	Accident	Others	Short term	Long term	Corporate	Total
Reinsurance contract assets	200	(1,028)	700	-	4,435	12	-	-	4,319
Cash	11,937	11,482	6,220	4,219	10,433	5,420	10,406	159,460	219,577
Investments	9,566	9,283	4,703	3,206	15,608	4,485	8,612	113,725	169,188
Other	-	-	-	-	-	-	-	19,032	19,032
	21,703	**19,737**	**11,623**	**7,425**	**30,476**	**9,917**	**19,018**	**292,217**	**412,116**
Insurance contract liabilities	20,308	19,457	6,179	2,923	35,067	7,463	5,595	-	96,992
Other	-	-	-	-	-	-	-	7,447	7,447
	20,308	**19,457**	**6,179**	**2,923**	**35,067**	**7,463**	**5,595**	**7,447**	**104,439**

FOR THE YEAR ENDED 31 DECEMBER 2024

23. INVESTMENT INCOME

(US$ '000)

	2024	2023
Interest income		
- Investment designated at fair value through profit or loss	888	892
- Cash and bank deposits	8,191	9,905
- Investment designated at fair value through other comprehensive Income	6,128	3,574
Realised gain on investment		
- Designated at fair value through other comprehensive income	183	452
- Designated at fair value through profit or loss	303	1,001
Unrealized loss on Investment designated at fair value through profit or loss	(779)	(793)
Income (loss) from associate	32	(22)
Other	(219)	(266)
	14,727	**14,743**

24. INSURANCE FINANCE EXPENSES

(US$ '000)

	2024	2023
Interest accreted to insurance contracts	5,580	5,908
Change in financial assumption through P&L	(1,720)	(901)
Change in financial assumption through OCI	-	-
Effect of unlocking CSM at looked-in rates and FCF at current rates	120	(77)
Net foreign exchange income or expense	3	4
Total insurance finance expense	**3,983**	**4,934**

FOR THE YEAR ENDED 31 DECEMBER 2024

25.REINSURANCE FINANCE INCOME

(US$ '000)

	2024	2023
Interest accreted to reinsurance contracts	472	458
Change in financial assumption through P&L	(157)	(77)
Net foreign exchange income or expense	1	-
Total reinsurance finance income	**316**	**381**

26. OTHER EXPENSES AND PROVISIONS

(US$ '000)

	2024	2023
Foreign exchange loss	463	-
Investment property impairment and depreciation	-	174
Operating expenses of non-insurance subsidiary	576	723
Provision for doubtful receivable & deposits	-	63
Directors' remuneration	1,500	175
Other, net	498	1,210
Total other expenses and provisions	**3,037**	**2,345**

27. OTHER INCOME

(US$ '000)

	2024	2023
Foreign exchange gain	-	397
Third party administration services	-	58
Reversal of provisions	4,172	1,500
Sale of TRL property	-	1,074
Recoveries of bad debt written off	6,035	-
Other	812	847
Total other income	**11,019**	**3,876**

28. EARNINGS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS

The Group does not have any potentially dilutive ordinary shares. Hence the diluted earnings per share and basic earnings per share are identical. Basic and diluted earnings per share has been computed as follows:

(US$ '000)

		2024	2023
Weighted average number of shares outstanding	'000	198,115	198,115
Net profit	US$'000	26,442	13,978
Earnings per share	US cents	13.3	7.1

FOR THE YEAR ENDED 31 DECEMBER 2024

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

(US$ '000)

	2024	2023
Profit for the year	26,388	14,323
Change in insurance funds	(17,466)	(17,342)
Change in insurance receivable/ payable, net	(519)	2,696
Change in accrued income	2,038	(1,188)
Change in other assets/liabilities, net	(16,863)	(13,439)
Net cash used in operating activities	**(6,422)**	**(14,950)**

30. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

(US$ '000)

	Dividends	Non-controlling Interest
Balances at 31 December 2023	234	13,200
Share of comprehensive income	-	42
Subsidiary's capital reduction	-	(5,520)
Balances at 31 December 2024	**234**	**7,722**
Balances at 31 December 2022	234	12,776
Share of comprehensive income	-	424
Balances at 31 December 2023	234	13,200

FOR THE YEAR ENDED 31 DECEMBER 2024

31 . FAIR VALUE DISCLOSURE

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

(US$ '000)

	Book Value				
2024	At fair value through profit or loss	At fair value through other comprehensive income	Amortised cost	Total	Fair value
ASSETS					
Cash and cash equivalents	-	-	53,430	53,430	53,430
Investment assets	26,140	280,279	-	306,419	306,419
Accrued interest	-	-	2,596	2,596	2,596
Reinsurance contract assets	-	-	3,645	3,645	3,645
Non-insurance deposits	-	-	13	13	13
Other assets	-	-	361	361	361
LIABILITIES					
Insurance contract liabilities	-	-	77,793	77,793	77,793
Other liabilities	-	-	2,146	2,146	2,146

(US$ '000)

	Book Value				
2023	At fair value through profit or loss	At fair value through other comprehensive income	Amortised cost	Total	Fair value
ASSETS					
Cash and cash equivalents	-	-	219,577	219,577	219,577
Investment assets	28,496	140,436	-	168,932	168,932
Accrued interest	-	-	4,634	4,634	4,634
Reinsurance contract assets	-	-	4,319	4,319	4,319
Non-insurance deposits	-	-	90	90	90
Other assets	-	-	8,077	8,077	8,077
LIABILITIES					
Insurance contract liabilities	-	-	96,992	96,992	96,992
Other liabilities	-	-	1,213	1,213	1,213

FOR THE YEAR ENDED 31 DECEMBER 2024

31. FAIR VALUE DISCLOSURE (CONTD.)

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.
- 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.

FOR THE YEAR ENDED 31 DECEMBER 2024

31. FAIR VALUE DISCLOSURE (CONTD.)

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

(US$ '000)

2024	Level 1	Level 2	Level 3	Total
At fair value through profit or loss				
Debt securities	19,050	-	-	19,050
Common stock of unlisted companies	-	-	1,013	1,013
Other	-	-	6,077	6,077
At fair value through other comprehensive income				
Debt securities	275,311	3,968	-	279,279
Common stock of unlisted companies	-	-	1,000	1,000
	294,361	**3,968**	**8,090**	**306,419**

(US$ '000)

2023	Level 1	Level 2	Level 3	Total
At fair value through profit or loss				
Debt securities	18,448	-	-	18,448
Common stock of unlisted companies	-	-	1,599	1,599
Other	-	-	8,449	8,449
At fair value through other comprehensive income				
Debt securities	135,495	3,941	-	139,436
Common stock of unlisted companies	-	-	1,000	1,000
	153,943	**3,941**	**11,048**	**168,932**

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

(US$ '000)

2024	Unlisted equity	Other	Total
Balances at 1 January 2024	2,599	8,449	11,048
Loss on fair value movement	(382)	(997)	(1,379)
Investments made during the year	-	62	62
Investments redeemed during the year	(204)	(1,437)	(1,641)
Balances at 31 December 2024	**2,013**	**6,077**	**8,090**

FOR THE YEAR ENDED 31 DECEMBER 2024

31. FAIR VALUE DISCLOSURE (CONTD.)

(US$ '000)

2023	Unlisted equity	Other	Total
Balances at 1 January 2023	2,794	10,688	13,482
Loss on fair value movement	(162)	(848)	(1,010)
Investments made during the year	26	163	189
Investments redeemed during the year	(59)	(1,554)	(1,613)
Balances at 31 December 2023	**2,599**	**8,449**	**11,048**

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 year ended 31 December 2024, there were no transfers in and out of level 1, level 2 and level 3 (31 December 2023: 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 consolidated financial statements, and the difference could be material.

iii) 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.

FOR THE YEAR ENDED 31 DECEMBER 2024

32. PRINCIPAL SUBSIDIARIES & ASSOCIATES

i) Subsidiaries and associates

At 31 December 2024, the principal subsidiaries of the Company were:

	Country of incorporation	Ownership	Non-controlling Interests	Principal Activities
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 2023 except for Takaful Re Limited where capital was reduced from US$ 65 million to US$ 53 million. 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)

	2024	2023
Non-controlling interests	46%	46%
Total assets	25,616	37,962
Total liabilities	8,828	9,266
Net assets	**16,788**	**28,696**
Revenue	(24)	-
(Loss) profit for the year	(116)	750
Total comprehensive income	91	922
Comprehensive income attributable to non-controlling interests	42	424
Net cash used in operating activities	(1,096)	(1,026)
Net cash provided by investing activities	4,122	11,350
Net cash used in financing activities	(12,000)	-
Net (decrease) increase in cash and cash equivalents	**(8,974)**	**10,324**

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.

FOR THE YEAR ENDED 31 DECEMBER 2024

32. 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$ 1 million in the books of the subsidiary and consequently in the consolidated financial statements of the Group for the year ended 31 December 2024. This does not constitute admission of any liability beyond the share capital of Gulf Warranties W.L.L.

33. 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 17.5% of issued shares in the Group through major shareholders General Pension and Social Security Authority and Emirates Development Bank while Government of Libya controls 14.5% 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. Gulf Tamin Ltd. controls 13.85% of issued shares in the Group. The Group does not have any significant transactions with Gulf Tamin Ltd.

The following is the summary of transactions with related parties:

i) Associate companies:

(US$ '000)

	2024	2023
a) Service fees for administration services provided by associate	261	276
b) Balances outstanding		
- Payables	40	53

FOR THE YEAR ENDED 31 DECEMBER 2024

33. RELATED PARTY TRANSACTIONS (CONTD.)

ii) Compensation to directors and key management personnel:

(US$ '000)

	2024	2023
a) Directors		
- Remuneration proposed	1,500	285
- Attendance fees	239	315
- Travel expenses	163	175
b) Key management compensation		
- Salaries and other short-term employee benefits	347	414
- Post-employment benefits	47	53
- Others	20	15
c) Balances payable to key management	124	208

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34. PARENT COMPANY

The unconsolidated statement of financial position of the parent company, Arab Insurance Group (B.S.C.), is presented below.

(US$ '000)

	Note	2024	2023
ASSETS			
Cash and bank balances		42,196	195,499
Investments		299,263	161,993
Accrued interest		2,513	4,450
Reinsurance contract assets		3,645	4,319
Other assets		22,787	31,928
Investment in subsidiaries		9,615	16,015
Property and equipment		4,877	4,991
TOTAL ASSETS		**384,896**	**419,195**
LIABILITIES			
Insurance contract liabilities		77,006	95,535
Other liabilities		25,126	29,007
TOTAL LIABILITIES		**102,132**	**124,542**
SHAREHOLDERS' EQUITY	17		
Share capital		220,000	220,000
Treasury stock		(14,793)	(14,793)
Reserves		48,108	44,312
Retained earnings		29,449	45,134
TOTAL SHAREHOLDER'S EQUITY		**282,764**	**294,653**
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY		**384,896**	**419,195**

FOR THE YEAR ENDED 31 DECEMBER 2024

35. DIVIDEND DECLARED

A dividend of US$ 39.6 million representing 20% of the paid up capital of the Company (net of treasury shares) for the year ended 31 December 2023 (at US$ 0.20 per share) (2023: US$ 9.9 million for the year ended 31 December 2022 at US$ 0.05 per share), was approved by the shareholders in the Ordinary General Assembly Meeting held on 28 March 2024 (2023: 29 March 2023). The payment to the entitled shareholders was made on 15 April 2024 (2023: 19 April 2023).

36. EVENTS AFTER THE STATEMENT OF FINANCIAL POSITION DATE

The directors propose to recommend the following appropriations for approval of shareholders at the Annual General Assembly meeting to be held on 26 March 2025:

	(US$ '000)
Cash dividend of US cents 12.5 per share on the paid up capital net of treasury shares	24,764
Directors' remuneration	1,500

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A reinsurance firm regulated by the Central Bank of Bahrain