Saeed Mohammed AlBahhar
Chairman

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	Renumeration 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