

## CORPORATE GOVERNANCE REPORT

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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 2025, 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. Arig firmly believes that there is a link between strong ethical standards, good governance and the creation of shareholder value. In its communication with stakeholders and the general business community, Arig aims 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 one shareholder meeting during the year. The General Meeting held was at Arig premises on 26th March 2025.

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 69.

## 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 March 2025 for a period until end of March 2028 and the shareholders approved to increase the number of the Board members from 6 to 9 members. 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 18. The current Board of Directors is comprised of 9 Directors, the Board is consisting of 8 male members (89%) and 1 female member (11%).

Members of the Board are all non-executive, as per the current Board composition. Based on the current composition of the Board, four out of nine members are independent non-executive directors.

## 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 are to be held in Bahrain. During the year 2025, Board met 9 times, and all Board meetings were held in Bahrain.

The following table lists the number of meetings held during 2025, including Board Committees and the individual attendance:

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Directors	Board Meetings	Audit & Risk Committee	Nomination & Remuneration Committee
	9	5	4
Mr. Mansour Shams Al Khoori** (I)	5	N	2
Mr. Saeed Mohammed AlBahhar	9	N	4
Mr. Ahmed Omar AlKarbi	9	N	1
Mr. Younis Jamal Al Sayed** (I)	5	1	3
Ms. Fetooh Abdulaziz Al Zayani** (I)	5	3	N
Mr. Mohamed Ahmed AlKarbi	9	5	1
Mr. Abdulla Saeed AlGhfeli	9	5	N
Mr. Ashraf Mukhta Musbah**	5	N	3
Mr. Abdulla Nooruddin Abdulla** (I)	5	3	2
Mr. Wael Ibrahim Abu Khzam***	4	2	1
Mr. Abdulrahman Mohamed AlBaker***	4	N	N

(I) Independent Non-Executive Director

N- Not a member

\*\* New Board members newly joined the company following the Board members election/appointment held on 26th March 2025.

\*\*\* Board members departed during the recent Board members election/appointment held on 26th March 2025.

During Board meetings, Board members abstained from voting on matters where conflicts of interest arose. In 2025, Mr. Abdulrehman Al Baker abstained from voting on two such instances.

### 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 the Acting CEO are set out in page 20.

### 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 17) 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 resources and the significance of ensuring qualified and orderly successions. However, currently due to the approval by the Shareholders to cease writing new reinsurance business and in an effort to contain costs, formal succession planning is not currently in place.

### 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 1-1-2025	116,758,946	-
Shares held at 27-3-2025, updated due to change in Board members following the Board election conducted on 26-3-2025.	87,290,660	
Add: Shares acquired during the year	-	-
Less: Shares sold during the year	997,762	-
Shares held at 31-12-2025	86,292,898	-

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## Investor Relations

Arig makes considerable effort to maintain active investor relations through open, fair and transparent communication. The shareholder affairs unit is responsible for the timely dissemination of all relevant information to its stakeholders. The Company's website ([www.arig.net](http://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 4,194 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 69 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. CBB had not imposed any financial penalty during the year 2025.

## 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 selling the existing portfolio to a buyer while continuing the run-off of the reinsurance portfolios.

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.

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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.
- Reserve risk is managed through regular internal and external reviews of the reserves to ensure that prudent and adequate reserves are carried and reinsurance covers with highly rated retro markets.
- 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. KPMG Fakhro was appointed as external auditors for the Financial Year 2025 based on the decision of the General Assembly, as delegated to the Board.

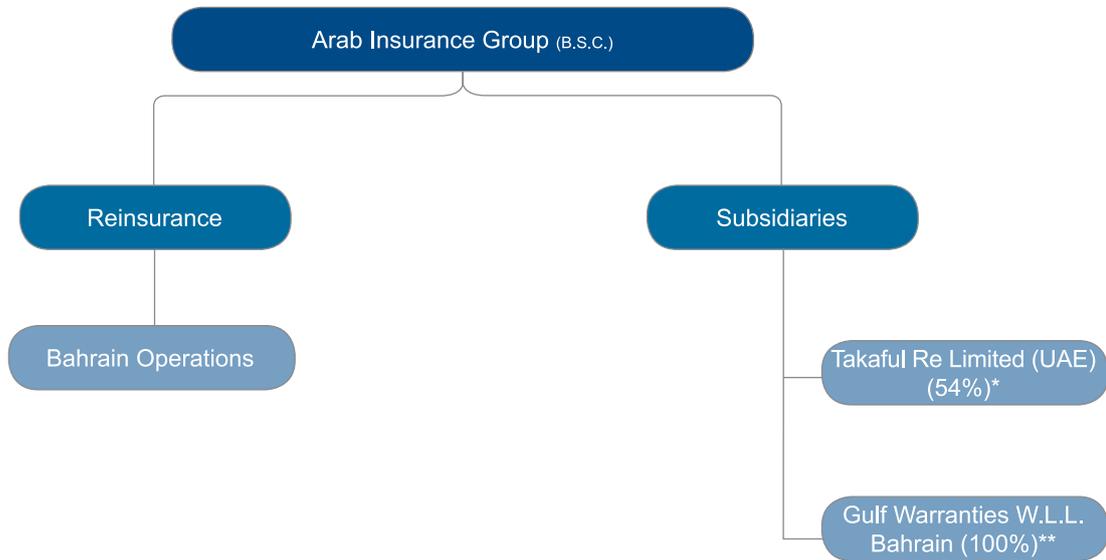
Fees paid to KPMG Fakhro for the review and audit of the financial statements of the company for the year 2025 is US\$ 83,500 and other fees paid for mandatory review requirements under the agreed upon procedures and the insurance firm return is US\$ 6,300.

## 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 2025 is given below:

	Amount in US\$ '000	
	2025	2024
Capital Available	225,727	262,583
Required margin solvency	2,388	2,388
Total excess capital available over the required margin of solvency	223,339	260,195

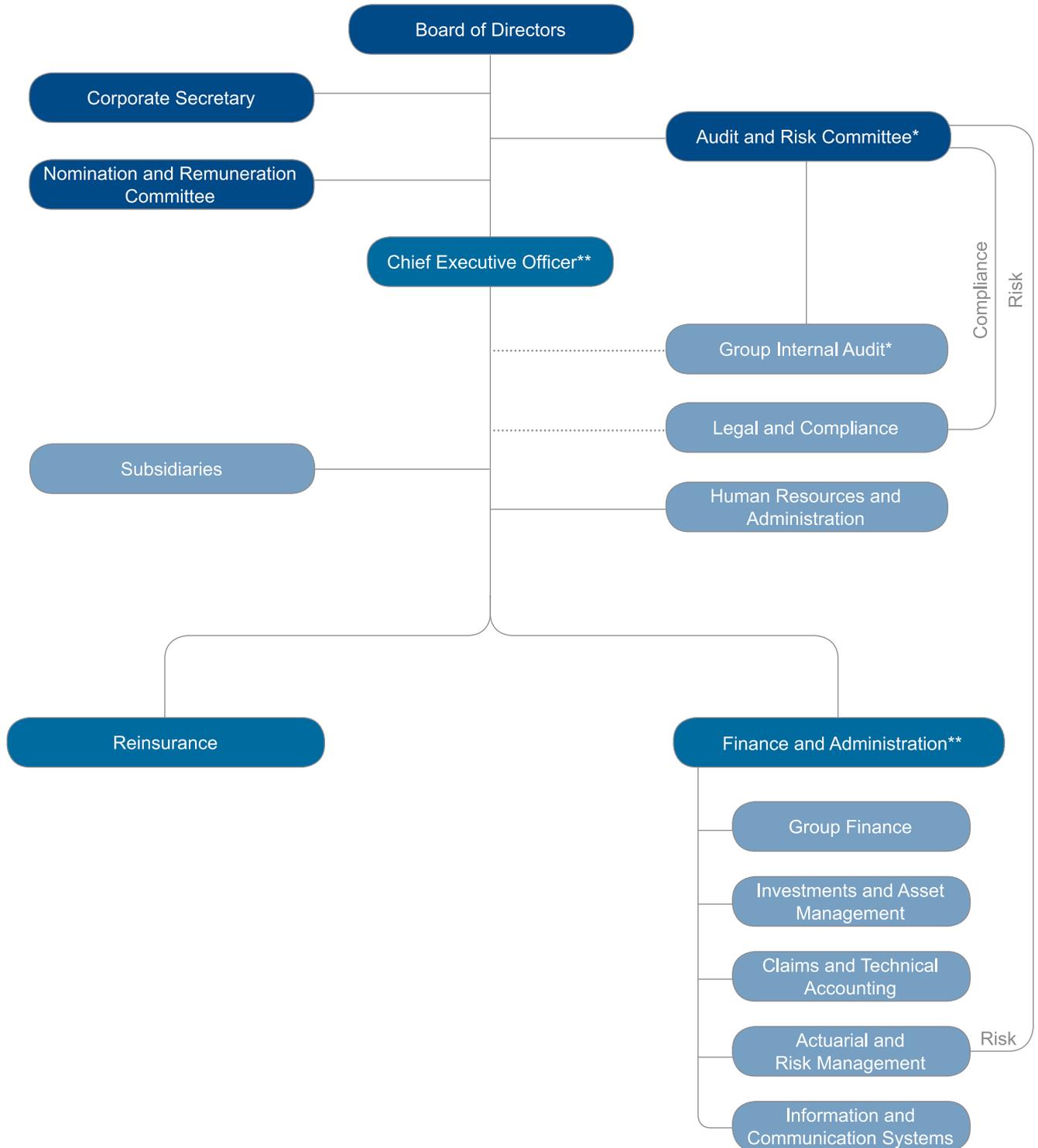
ARIG GROUP STRUCTURE



\* 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.

ORGANISATION CHART



\* Internal Audit function is outsourced to GT.

\*\* DGM - Finance and Administration is currently the Acting CEO.