

Solidarity Bahrain B.S.C.**Report of the Board of Directors
For the year ended 31 December 2021**

On behalf of the Board of Directors, we are pleased to present the annual report and financial statements of Solidarity Bahrain B.S.C. (the Company) for the year ended 31 December 2021.

Strong Financial Results

2021 saw the beginnings of a return to normality following the disruptions of the pandemic in 2020. The return of more normalised economic behaviour and activity also signalled a return to growth for Solidarity Bahrain. Revenues in the form of gross contributions increased by 5% to BD31.6 million (2020: 30.2 million), while the loss ratio declined to 57% (2020: 62%). This strong performance contributed to a reported net profit growth of 7% to BD3.3 million (2020: 3.1 million). The Company also remains committed to a prudent and solid balance sheet position demonstrated by solvency ratio of 470%, comfortably in excess of regulatory minimum standards. The capital available to cover the solvency margin is BD 16.7 million; while the minimum solvency margin required is BD 3.0 million for general takaful business, and BD 568 thousand for family takaful business.

This robust performance in 2021 led to earnings per share of Fils 24.04 (2020: Fils 22.38). At the year end, total shareholder equity stood at BD 29.95 million, an increase of 6% over 2020. Based on these results, the Board of Directors is proposing a cash dividend of 20% for 2021 for approval by Shareholders at the forthcoming Annual General Meeting.

Ratings Confirmation

Pursuant to the announcement on 27 January 2022 by Solidarity Bahrain's ultimate parent, Ithmaar Holding B.S.C., that it has agreed to sell a group of assets, including Solidarity Bahrain's intermediate parent, Solidarity Group Holding B.S.C., to Al Salam Bank B.S.C., AM Best has placed under review with developing implications the Financial Strength Rating of B++ (Good) and the Long-Term Issuer Credit Rating of "bbb+" (Good) of Solidarity Bahrain. As per AM Best, when such significant events occur it is common practice at AM Best to put the rating "under review" to highlight that the current rating has the potential for a near-term change (typically within six months) and that AM Best is gathering/awaiting more information to review and make a final decision. The ratings are expected to remain under review until the transaction closes and AM Best has assessed its impact on Solidarity Bahrain's credit fundamentals. The management don't foresee any adverse implication on the rating of Solidarity Bahrain due to this significant event.

Industry Recognition

In 2021, the Company's achievements during the year were recognized by the receipt of additional prestigious industry awards. These include being named "Best Online Insurance Company in Bahrain" and "Best General Insurance Company for Innovation in Bahrain" by Global Economics magazine.

The Board also takes this opportunity to congratulate Chief Executive Officer for being named by The Global Economics magazine as 'Best Insurance CEO in Bahrain' for 2021.

Solidarity Bahrain B.S.C.**Report of the Board of Directors (continued)**
For the year ended 31 December 2021**Strategic Progress**

We are pleased to report that Solidarity's three-year ACTS strategy cycle has commenced in 2021 which is based on the key pillars of Agility, Collaboration, Transformation and Scaling Up, and with an ultimate focus on Customer-Centricity.

Notable strategic achievements include the successful completion of t'azur merger with Solidarity Bahrain effective 27 January 2022, along with the first of its kind on-spot motor claim cash settlement service in the Kingdom of Bahrain, a new life insurance plan that covers COVID-19 medical expenses, and the sponsorship of BIBF new building to support Fintech and Insurtech training developments in Bahrain. At the same time, we strengthened the human capital framework of Solidarity Bahrain with a number of senior management promotions, and an interactive soft skills training programme for the staff while continuing to enhance insurance awareness and perception through expanded public relations activities and increased use of social media channels

Completion of Merger

The board has a positive futuristic outlook after the successful completion of t'azur merger with Solidarity Bahrain effective 27 January 2022. This promises to be a transformational transaction, bringing scale and opportunity to the Bahraini Takaful market, and underscoring Solidarity's position as the Kingdom's leading insurer. The merger created a consolidated entity with a significantly large portfolio which will leverage on the synergy between the two operations to elevate value for all stakeholders. T'azur's merger with Solidarity Bahrain will further enhance latter's ability to provide access to a wide range of insurance offerings to both retail and corporate clients. Solidarity will remain committed to its values of further elevating clients' and business partners' overall experience to new heights.

The merger is the second to be completed by Solidarity in less than five years, following the successful merger and integration of Al Ahlia Insurance Company in 2017.

Future Outlook

As we emerge from the Covid pandemic, there are several reasons for optimism in our outlook for 2022 and beyond. The unprecedented success of the Covid vaccine developments has caused a rapid return to normality for most businesses and societies. This has caused an economic bounce-back, with the IMF predicting global growth of 4.4% in 2022, the oil price has stabilised and is forecast to remain robust in the face of continued demand increases. This of course is positive for the GCC, and we expect the beneficial economic impacts of a sustained elevated oil price to continue in 2022. We expect the full integration of T'azur with Solidarity Bahrain to proceed smoothly, and for the benefits of our larger scale to flow through to our business performance in 2022.

Acknowledgements

On behalf of the Board of Directors, we extend our sincere appreciation to His Majesty the King of Bahrain, and His Royal Highness the Crown Prince and Prime Minister, for their wise leadership and reform programme, and their support for the Kingdom's insurance sector.

Grateful acknowledgements are also due to the Central Bank of Bahrain, the Bahrain Bourse, the Ministry of Industry, Commerce & Tourism, and other Government institutions, for their continued professional advice and guidance during the year.

In addition, we express our gratitude to the shareholders of Solidarity Bahrain for their unwavering encouragement and assistance, and to the Company's participants, business partners and other stakeholders, for their continued support and confidence. We also pay special tribute to the dedicated efforts and contributions of the Company's management and staff, and the executive management of Solidarity Group Holding, for their dedicated efforts and contributions during 2021.

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Report of the Board of Directors (continued)

For the year ended 31 December 2021

The table below that shows the remuneration of members of the Board of Directors and the Executive Management for the fiscal year ended 31 December 2021.

First: Board of Directors' Remuneration Details:

Name	Fixed remunerations					Variable remunerations					End-of-service award	Aggregate amount (Does not include expense allowance)	Expenses Allowance
	Remunerations of the chairman and BOD	Total allowance for attending Board and committee meetings	Salaries	Others	Total	Remunerations of the chairman and BOD	Bonus	Incentive plans	Others	Total			
First: Independent Directors:													
1- Tawfeeq Shehab	-	4,800	-	-	4,800	9,083	-	-	-	9,083	-	13,883	-
2 Nadhem Al Saleh	-	4,800	-	-	4,800	9,083	-	-	-	9,083	-	13,883	-
3 Sharif Ahmadi	-	4,800	-	-	4,800	8,500	-	-	-	8,500	-	13,300	-
Second: Non-Executive Directors:													
1- Bashar Nass	-	4,200	-	-	4,200	9,083	-	-	-	9,083	-	13,283	-
2- Ali Abdulrahim	-	4,800	-	-	4,800	9,083	-	-	-	9,083	-	13,883	-
Third: Executive Directors:													
1- Ashraf Bseisu	-	5,400	-	-	5,400	9,083	-	-	-	9,083	-	14,483	-
2- Venkatesan Muniswamy	-	4,800	-	-	4,800	9,083	-	-	-	9,083	-	13,883	-
Total	-	33,600	-	-	33,600	62,998	-	-	-	62,998	-	96,598	-

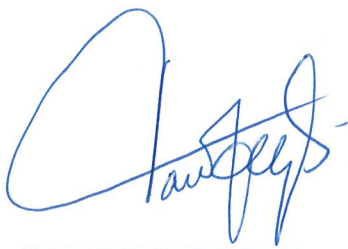
- The Company does not have any variable remuneration payments, end of service benefits, or expense allowances paid to its directors.
- Board remuneration represents payments made during the year 2021 based on approval of the Annual General Meeting dated 28th March 2021.

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Report of the Board of Directors (continued)
For the year ended 31 December 2021

Second: Executive Management Remuneration Details for Top Six Executives:

Executive management	Total paid salaries and allowances	Total paid remuneration (Bonus)	Any other cash/ in kind remuneration for 2021	Aggregate Amount
Remunerations of top Six executives, including CEO and Head of Finance	337,665	158,101	1,500	497,266



Tawfeeq Shebab
Chairman

22 February 2022



Ashraf Bseisu
Vice Chairman