Press Release

13 February 2013

Arig Swings Back To Net Profit Of US$ 15.3 Million In 2012

Bahrain: Arig delivered net profits of US$ 15.3 million under its 2012 Financial Year results (2011: net loss of US$ 19.1 million). The Company's reinsurance book and investment income both contributed to the rebound. The company's technical result stood at US$ 27.0 million (2011: loss of US$ 0.4 million) based on a combined ratio of 96.9% for the non-life reinsurance portfolio (2011: 108.6%). Investments yielded US$ 21.4 million (2011: US$ 4.0 million), or 3.3% (2011: 0.6%) return on investible assets. Arig's net profit for the fourth quarter 2012 alone was US$ 5.0 million (Q4 only 2011: net loss of US$ 7.6 million).

The performance of the Company in 2012 was supported by Arig's favorable claims experience with an associated drop in the Company's non-life loss ratio by 14 points to 57.9%. Strong earnings were aided by increased profitability in Arig's Life book and lower operational cost. Gross premiums written reduced by 3.6% to US$ 238.6 million for the year (2011: US$ 247.5 million), mostly owing to the effects of political turmoil, applied sanction measures and continuing price competition.

Yassir Albaharna, CEO of Arig, commented: "No doubt, maintaining strict underwriting discipline and a conservative investment strategy has kept Arig away from the pitfalls of uncontrolled growth and declining profitability. Arig had a strong rebound in a competitive market place and I believe we are now enjoying the fruits of our past efforts. On average, the returns from our reinsurance portfolio have trended upwards even though original market rates continued to slide throughout most of the Emerging Markets."

Arig's shareholders' equity stood at US$ 247.1 million at the end of 2012 (end of 2011: US$ 222.4 million) with a book value per share of US$ 1.25 for the same period (end of 2011: US$ 1.12).

Financial Highlights as at 31 December 2012 (in US$ million)

	2012	2011
Gross premiums written	238.6	247.5
Technical result	27.0	(0.4)
Underwriting result	19.9	(14.5)
Non-life combined ratio	96.9%	108.6%
Investment income	21.4	4.0
Operating expenses	28.5	29.7
Net profit (loss)	15.3	(19.1)
Investment assets	653.4	652.8
Net technical provisions	543.7	564.8
Shareholders' equity	247.1	222.4
Total assets	999.9	1,022.1
Book value per share (US$)	1.25	1.12

For further information, please contact Amel Dardour, Corporate Communications,
Tel: +973 17 544 357, Fax: +973 17 531 155, or email: dardour.a@arig.com.bh

About Arig

Arig is one of the largest Arab-owned, professional reinsurance providers in the Middle East and North Africa. Arig is listed on the stock exchanges in Bahrain and Dubai and offers a wide range of reinsurance products and services. Arig's subsidiaries include Takaful Re (Dubai), Gulf Warranties (Bahrain), ARIMA Insurance Software (Bahrain) and Arig Capital Ltd, (UK). Arig is also an equal partner in the joint venture Hardy Arig Insurance ManagementHAIM (Bahrain). Additional information about Arig can be obtained at www.arig.net

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