Press Release

12 February 2014

Arig's Profit Increases by 6% Year-On-Year

Bahrain: Assisted by favorable loss experience, conventional reinsurance operations continued to perform well as the Arig Group delivered consolidated net profits of US$ 18.6 million on its 2013 Financial Year (2012: US$ 17.6 million). Arig, including its corporate member at Lloyd's, contributed US$ 23 million to profits whereas its subsidiary, Takaful Re, turned in a loss of US$ 4.4 million.

The Group's net profit for the last three months of the year 2013 was US$ 6 million (Q4 2012: US$ 8.6 million).

Reinsurance operations produced underwriting returns of US$ 13.4 million for the year (2012: US$ 23.7 million), with Arig contributing US$ 18.7 million to this and Takaful Re losing US$ 5.2 million on its Re-Takaful book. The combined ratio was 97.8% for the Group and 94.2% for Arig alone.

The Group's gross premium reduced by 5% to US$ 262 million during 2013 (2012: US$ 276.5 million), reflecting a 43% reduction in Takaful Re's portfolio to US$ 21.5 million as the company actively lowered its exposure to the underperforming market sector. Re-Takaful premium represented 8% of the Group's total gross premium in 2013.

Consolidated Group investment income amounted to US$ 20.4 million for the reporting period (2012: US$ 21.6 million).

Yassir Albaharna, CEO of Arig, commented: "Supported by solid underwriting performance, strong reserves and good investment results, we are pleased with the performance of the Group in 2013. Amidst challenging trading conditions, we have seen continuous improvement in the trend of our performance ratios for the conventional reinsurance lines. However, we are equally aware that the Group's Re-Takaful business remains work in progress as the Takaful industry sector continues to be tested by its underwriting performance. Our tolerance to negative returns affecting the Group is limited."

Return on average shareholder funds was 7.7% for the 2013 Financial Year (2012: 7.6%) as shareholders' equity grew by 6% to US$ 249.2 million at the end of 2013 (2012: US$ 235.2 million). Book value per share reached US$ 1.26 for the same period (2012: US$ 1.19).

To comply with new requirements under the IFRS accounting rules, the Group consolidated its Re-Takaful subsidiary participants' fund into the parent's 2013 annual accounts. Accordingly, all comparative 2012 figures quoted have been restated.

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Financial Highlights as at 31 December 2013 (in US$ million)

	2013	2012 Restated
Gross premiums written	262.0	276.5
Technical result	20.8	30.6
Underwriting result	13.4	23.7
Combined ratio	97.8%	96.2%
Investment income	20.4	21.6
Operating expenses	28.9	28.4
Net profit	18.6	17.6
Investment assets	642.2	667.6
Net technical provisions	619.6	612.2
Shareholders' equity	249.2	235.2
Total assets	1,056.6	1,046.1
Book value per share (US$)	1.26	1.19

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) and Arig Capital Ltd. (UK). Arig is also an equal partner in the joint venture Hardy Arig Insurance Management HAIM (Bahrain). Additional information about Arig can be obtained at www.arig.net

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