Press Release

12 February 2015

Arig Reports Net Profits Of US$ 15.6 Million For 2014

Bahrain: In a market characterised by global oversupply, Arig achieved net profits of US$ 15.6 million for the Group during its 2014 Financial Year (2013: US$ 18.6 million). While its Islamic reinsurance subsidiary, Takaful Re, produced a loss of US$ 4.9 million (2013: a loss of US$ 4.4 million), Arig's conventional reinsurance operations continued to perform well with net profits of US$ 20.5 million for the year (2013: US$ 24.0 million).

Group net profit for the fourth quarter 2014 alone was US$ 6.0 million (2013: US$ 6.0 million).

Consolidated gross premiums grew by 20% to US$ 315.3 million over the reporting period (2013: US$ 262.0 million), while net written premiums rose 6% to US$ 260.4 million. Conventional premiums made up 94% of the Group's premiums, whereas Takaful Re accounted for 6% in 2014.

Arig's combined ratio was 97.8% for the year whereas Takaful Re disappointed with a ratio of 147%, increasing the Group's overall combined ratio to 101.7%.

Investments generated US$ 20.5 million of profit, marginally higher than in the previous year (2013: US$ 20.4 million).

Yassir Albaharna, CEO of Arig, commented: "The majority of Arig's reinsurance portfolio performed well in a challenging market where we have seen risk premiums reducing year by year. Apart from the underwriting result, we are pleased to see our investment result holding up, while we are pursuing a strategy that protects our stakeholders' capital. Regrettably, and in spite of the measures taken in the past, Takaful Re continues to be a drag on the Group's performance. We are currently engaged in active discussions to decide on a solution that would safeguard the future profitability of our Re-Takaful interest."

Arig's Board of Directors has recommended a cash dividend of 5% on the Company's paid-up capital, or 5 cents per share. The dividend remains subject to clearance by the Central Bank of Bahrain and shareholders' approval at the Company's Annual General Meeting to be held on 23 March 2015.

Arig's shareholders' equity increased to US$ 264.5 million at the year end (end of 2013: US$ 249.2 million) with a book value per share of US$ 1.34 (end of 2013: US$ 1.26).

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Financial Highlights as at 31 December 2014 (in US$ million)

	2014	2013
Gross premiums written	315.3	262.0
Net premiums written	260.4	246.3
Technical result	16.1	20.8
Underwriting result	6.0	13.4
Combined ratio	101.7%	97.8%
Investment income	20.5	20.4
Operating expenses	28.7	28.9
Net profit	15.6	18.6
Investment assets	721.0	642.2
Net technical provisions	635.6	619.6
Shareholders' equity	264.5	249.2
Total assets	1,104.3	1,056.6
Book value per share (US$)	1.34	1.26

About Arig

Arig is one of the largest Arab-owned, professional reinsurance providers in the Middle East and 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). Additional information about Arig can be obtained at www.arig.net

Arab Insurance Group (B.S.C.) is a reinsurance firm regulated by the Central Bank of Bahrain.

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