Press Release

12 November 2015

A Testing Industry Environment Leaves Its Mark on Arig's Third Quarter Returns

Bahrain: Global overcapacities, earthquake losses from Nepal and a swing in the equity markets have jointly pushed the Arig Group's net profits down to US$ 1.4 million nine months into 2015 (nine months 2014: US$ 9.6 million). Arig and its Corporate Member at Lloyd's contributed a profit of US$ 5.5 million (nine months 2014: US$ 11.8 million) while its Islamic subsidiary Takaful Re returned a loss of US$ 3.9 million (nine months 2014: a loss of US$ 2.2 million).

Net result for the third quarter alone was a loss of US$ 4.8 million (Q3 2014: a profit of US$ 4.9 million).

The Group's underwriting result was US$ 2.6 million for the period (nine months 2014: US$ 1.4 million) based on a combined ratio of 97.1% (nine months 2014: 97.8%). Income from investments was lower year-on-year at US$ 10.1 million (nine months 2014: US$ 19.3 million) following a world-wide swing in share prices during the third quarter of 2015.

Gross premium income over the nine month period decreased to US$ 212.6 million (nine months 2014: US$ 298 million) as shifts in Arig's Lloyd's portfolio, voluntary premium cutbacks by Takaful Re and the influence of exchange rate developments contributed to the reduction.

The Group wrote gross premiums of US$ 26.5 million during the third quarter (Q3 2014: US$ 61.2 million).

Yassir Albaharna, CEO of Arig, commented: "The recent turmoil in financial markets has been a challenge to many, but we continue to follow a conservative investment policy. On another front, a special shareholders' meeting for Takaful Re is being called next month since Arig did not receive unanimous approval to the offer made to purchase the minority shares. This is an important move towards enhancing the Group's earnings potential."

Arig's shareholders' equity stood at US$ 253.0 million on 30 September 2015 (end of 2014: US$ 264.5 million). Book value per share was US$ 1.28 at the end of the third financial quarter 2015 (end of 2014: US$ 1.34).

Financial Highlights as at 30 September 2015 (in US$ million)

	As at 30 Sep		Full Year
	2015	**2014**	**2014**
Gross premiums written	212.6	298.0	315.3
Net premiums written	195.3	238.8	260.4
Technical result	13.4	7.8	16.1
Underwriting result	2.6	1.4	6.0
Combined ratio	97.1%	97.8%	101.7%
Investment income	10.1	19.3	20.5
Operating expenses	22.4	21.4	28.7
Net profit	1.4	9.6	15.6
Investment assets	759.8	724.0	721.0
Net technical provisions	658.7	682.5	635.6
Shareholders' equity	253.0	262.6	264.5
Total assets	1151.0	1174.3	1104.3
Book value per share (US$)	1.28	1.33	1.34

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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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