Press Release

11 August 2016

Arig Returns Lower Profit on Increased Premium Income

Bahrain: At the close of the second quarter of its 2016 Financial Year, Arig returned US$ 1.8 million of net profit to its shareholders, a reduction of 71% year-on-year (half-year 2015: US$ 6.2 million). Despite the 10.8% growth of its Gross Premium Income, unsatisfactory insurance pricing, lower investment income and the impact of large losses from regional clients combined in lowering the company's mid-year result.

The Group's net result for the second quarter alone was US$ 1.0 million (Q2 2015: US$ 2.7 million).

Half-year premium growth originated from Arig's involvement in the Lloyd's market while losses from the GCC markets impacted underwriting returns. The Group's parent returned a Technical Result of US$ 3.8 million from its underwriting activities after the first two quarters (half-year 2015: US$ 9.1 million), whereas its Takaful subsidiary, currently in run-off, showed a small profit of US$ 0.2 million for the same period (half-year 2015: US$ 0.7 million).

The Group's combined loss ratio for the first two quarters of the year moved to 69% (half-year 2015: 67.2%) yet its combined ratio improved to 87.2% (half-year 2015: 90.2%) on savings achieved from its operations.

Investment income after the first six months accounted for US$ 9.9 million (half-year 2015: US$ 13.3 million), representing an average return of 2.7% (half-year 2015: 3.7%) on the Group's investible assets.

Yassir Albaharna, CEO of Arig, commented: "These are challenging times for our industry, especially regional reinsurers. We see some positive signs as regulators have started to focus on sustainable market practices. But we still have a long way to go and the global policy of cheap capital is not helping us."

Arig's shareholders' equity stood at US$ 251.7 million on 30 June 2016 (end of 2015: US$ 244.2 million). Book value per share was US$ 1.27 at the end of the second financial quarter 2016 (end of 2015: US$ 1.23).

Financial Highlights as at 30 June 2016 (in US$ million)

	As at 30 June		Full Year
	2016	**2015**	**2015**
Gross premiums written	206.2	186.1	220.4
Net premiums written	177.0	172.3	202.9
Technical result	4.0	9.8	13.2
Underwriting result	1.1	6.2	0.8
Combined ratio	87.2%	90.2%	106.6%
Investment income	9.9	13.3	14.3
Operating expenses	11.8	14.9	28.6
Net profit (loss)	1.8	6.2	(4.4)
Investment assets	717.3	721.9	746.6
Net technical provisions	668.8	705.6	613.7
Shareholders' equity	251.7	262.1	244.2
Total assets	1153.4	1165.2	1,099.1
Book value per share (US$)	1.27	1.32	1.23

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About Arig

Arig is one of the largest Arab-owned, professional reinsurance providers in the Middle East and Africa. The Group 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) – currently in run-off, 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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