Press Release

15 August 2018

Arig discloses its financial results for half year ended 30th June 2018

Bahrain: Arig reported consolidated net loss of US$ 22.4 million attributable to shareholders for the first half of the year 2018, (half-year 2017: net profit of US$ 4.1 million). The negative result is mainly due to the creation of a provision of US$ 21 million related to Arig's subsidiary, Gulf Warranties W.L.L. This provision has been made for likely losses arising out of alleged fraud committed by employees of Gulf Warranties W.L.L. The full set financial statements and the notes are available on Bahrain Bourse's and Dubai Financial Markets websites.

Arig's technical result stood at US$ 2.7 million for the first half-year (half-year 2017: US$ 8.6 million), a decline of 68.6%. While Arig's traditional reinsurance portfolio reached a positive technical result of US$ 11.3 million (half-year 2017: US$ 13.9 million) representing a reduction of 18.7%, Lloyd's accounts incurred a technical loss of US$ 8.6 million (half-year 2017: a loss of US$ 5.3 million), an increase in loss by 62.3%. The consolidated investment income amounted to US$ 8.8 million (half-year 2017: US$ 12.5 million), a reduction of 29.6%.

Arig's net result for the second quarter alone was a net loss of US$ 22.9 million (Q2 2017: net profit of US$ 3.6 million) and its gross premiums written was US$ 18.4 million (Q2 2017: US$ 16.8 million), an increase of 9.5% during the quarter alone.

Gross premiums written during the first half-year amounted to US$ 187.5 million (half-year 2017: US$ 189.6 million), a decrease of 1.1% compared to the same period in previous year.

Earnings per share as at 30 June 2018 was a loss of US cents 11.3 as compared to a profit of US cents 2.1 as at 30 June 2017. For the three months ended 30 June 2018, the earnings per share was a loss of US cents 11.6 as compared to a profit of US cents 1.8 as at 30 June 2017.

Samuel Verghese, Acting CEO of Arig, commented: "Following our practice of prudent reserving we have made a provision for some likely losses related to the subsidiary, Gulf Warranties W.L.L. The losses from our Lloyds' book are being addressed through withdrawal from the worst performing syndicate. Arig will continue efforts to maintain a well-balanced portfolio through territorial and product diversification, while benefitting from market opportunities in a controlled manner".

Arig's shareholders' equity stood at US$ 228.5 million as at 30 June 2018 (end of 2017: US$ 256.9 million). Book value per share was US$ 1.15 as at 30 June 2018 (end of 2017: US$ 1.30).

Financial Highlights as at 30 June 2018 (in US$ million)

	As at 30 June (Reviewed)		Full Year (Audited)
	2018	**2017**	**2017**
Gross premiums written	187.5	189.6	225.6
Net premiums written	140.0	166.4	197.1
Technical result	2.7	8.6	5.5
Underwriting result	0.7	8.4	5.8
Combined ratio	104.0%	98.6%	104.1%
Investment income	8.8	12.5	22.5
Operating expenses	11.2	12.7	22.3
Net (loss) profit	(22.4)	4.1	7.2
Investment assets	649.2	679.3	665.1
Net technical provisions	596.5	636.0	568.1
Shareholders' equity	228.5	255.7	256.9
Total assets	1,130.3	1,131.5	1,086.1
Book value per share (US$)	1.15	1.29	1.30

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 Africa and its shares are 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 W.L.L. (Bahrain), Arig Capital Ltd. (UK) and Arig Insurance Management (DIFC) Limited. 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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