Press Release

6 November 2018

Arig reported its financial results for nine months ended 30th September 2018

Bahrain: Arig reported consolidated net loss of US$ 22.2 million attributable to shareholders for the nine months of the year 2018, (nine months 2017: net profit of US$ 4.1 million). The negative result is mainly due to a provision of US$ 21 million created during second quarter 2018 for likely losses relating to Arig's subsidiary, Gulf Warranties W.L.L.

Arig's net result for the 2018 third quarter alone was a net profit of US$ 0.3 million (Q3 2017: net loss of US$ 0.03 million).

Arig's comprehensive loss attributable to shareholders for the nine months of the year 2018 was US$ 27.4 million (nine months 2017: income of US$ 10.7 million), For the 2018 third quarter alone, the comprehensive income was US$ 1.0 million as compared to an income of US$ 1.7 million for the same period in 2017, a reduction of 41.2%.

Arig's technical result stood at US$ 5.4 million for the nine months 2018 (nine months 2017: US$ 6.9 million), a decline of 21.7%. While Arig's traditional reinsurance portfolio produced a technical result of US$ 15.3 million (nine months 2017: US$ 17.0 million) representing a reduction of 10%, Lloyd's accounts incurred a technical loss of US$ 9.9 million (nine months 2017: a loss of US$ 10.1 million) representing a reduction of 2%.

Arig's underwriting result stood at US$ 2.5 million for the nine months 2018 (nine months 2017: US$ 8.1 million), a reduction of 69.1%. For the 2018 third quarter alone, the underwriting result was US$ 1.8 million as compared to an underwriting loss of US$ 0.2 million for the same period in 2017.

The consolidated investment income for the nine months period in 2018 amounted to US$ 13.3 million (nine months 2017: US$ 17.8 million), a reduction of 25.3%.

Gross premiums written during the nine months 2018 amounted to US$ 239.9 million (nine months 2017: US$ 216.3 million), an increase of 10.9% compared to the same period in previous year. For the 2018 third quarter alone, the gross premiums written reached US$ 52.4 million (Q3 2017: US$ 26.7 million), an increase of 96.3%.

Earnings per share as at 30 September 2018 was negative US cents 11.2 as compared to a positive earnings of US cents 2.0 as at 30 September 2017. For the 2018 third quarter alone, the earnings per share was positive US cents 0.1 as compared to a negative earnings of US cents 0.01 for the same period in 2017.

Arig's shareholders' equity stood at US$ 229.6 million as at 30 September 2018 (end of 2017: US$ 256.9 million), a decline of 10.6%. Book value per share was US$ 1.16 as at 30 September 2018 (end of 2017: US$ 1.30).

The total assets at 30 September 2018 was US$ 1,102.5 million compared to US$ 1,136.2 million in the previous year for the same period.

Samuel Verghese, Acting CEO of Arig, commented: "The positive technical result of the traditional reinsurance portfolio is the silver lining amidst the gloom of negative results for the three quarters".

The full set financial statements and the notes are available on Arig's website, Bahrain Bourse's and Dubai Financial Markets websites.

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

	As at 30 September (Reviewed)		Full Year (Audited)
	2018	**2017**	**2017**
Gross premiums written	239.9	216.3	225.6
Net premiums written	179.8	188.7	197.1
Technical result	5.4	6.9	5.5
Underwriting result	2.5	8.1	5.8
Combined ratio	103.1%	101.7%	104.1%
Investment income	13.3	17.8	22.5
Operating expenses	16.6	16.5	22.3
Net (loss) profit attributable to shareholders	(22.2)	4.1	7.2
Investment assets	628.0	690.8	665.1
Net technical provisions	587.3	615.4	568.1
Shareholders' equity	229.6	257.4	256.9
Total assets	1,102.5	1,136.2	1,086.1
Book value per share (US$)	1.16	1.30	1.30

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 (under voluntary liquidation). 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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