Press Release

13 February 2019

Arig reported its financial results for the year ended 31st December 2018

Bahrain: Arig reported consolidated net loss of US$ 55.3 million attributable to shareholders for year 2018, (2017: net profit of US$ 7.2 million). The negative result was mainly due to technical losses of US$ 28.3 million (2017: loss of US$ 19.6 million) from its operations through Lloyd's syndicates and a provision of US$ 21.5 million for likely losses relating to Arig's subsidiary, Gulf Warranties W.L.L.

Arig's net result for the 2018 fourth quarter alone was a net loss of US$ 33.1 million (Q4 2017: net profit of US$ 3.2 million).

Arig's comprehensive loss attributable to shareholders for the year 2018 was US$ 60.6 million (2017: income of US$ 10.2 million), For the 2018 fourth quarter alone, the comprehensive loss was US$ 33.2 million as compared to a loss of US$ 0.5 million for the same period in 2017.

Arig's technical result was a loss of US$ 19.4 million for the year 2018 (2017: profit of US$ 5.5 million) as a result of losses on Lloyd's accounts. However, Arig's traditional reinsurance portfolio produced a technical profit of US$ 9 million (2017: US$ 25.1 million).

Arig's underwriting result was a loss of US$ 26.7 million for 2018 (2017 profit: US$ 5.8 million). For the 2018 fourth quarter alone, the underwriting result was a loss of US$ 29.2 million as compared to an underwriting loss of US$ 2.3 million for the same period in 2017.

The consolidated investment income for the year amounted to US$ 10.0 million (2017: US$ 22.5 million), impacted by the downturn in global markets in the last quarter of 2018.

Gross premiums written during 2018 amounted to US$ 262.8 million (2017: US$ 225.6 million), an increase of 16.5% compared to previous year. For the 2018 fourth quarter alone, the gross premiums written was US$ 22.9 million (Q4 2017: US$ 9.3 million).

Earnings per share as at 31 December 2018 was negative US cents 27.9 as compared to a positive earnings of US cents 3.6 as at 31 December 2017. For the 2018 fourth quarter alone, the earnings per share was negative US cents 16.7 as compared to a positive earnings of US cents 1.6 for the same period 2017.

Arig's shareholders' equity stood at US$ 196.4 million as at 31 December 2018 (2017: US$ 256.9 million), a decline of 23.6%. Book value per share was US$ 0.99 as at 31 December 2018 (2017: US$ 1.30).

The total assets at 31 December 2018 was US$ 1,052.6 million compared to US$ 1,086.1 million in the previous year.

Samuel Verghese, Acting CEO of Arig, commented: "This has been a very difficult year for Arig but we are confident that we will weather the storm. As a first step we have taken certain measures to reorganize the Lloyd's book of business which contributed significantly to the negative results for the year".

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

For further information, please contact Adel Yahya,
Tel: +973 17 544 193, Fax: +973 17 531 155, or email: Al-Yahya.a@arig.com.bh

Financial Highlights as at 31 December 2018 (in US$ million)

	2018	2017
Gross premiums written	262.8	225.6
Net premiums written	198.4	197.1
Technical result	(19.4)	5.5
Underwriting result	(26.7)	5.8
Combined ratio	115.2%	104.1%
Investment income	10.0	22.5
Operating expenses	22.5	22.3
Net (loss) profit attributable to shareholders	(55.3)	7.2
Investment assets	613.9	665.1
Net technical provisions	573.9	568.1
Shareholders' equity	196.4	256.9
Total assets	1,052.6	1,086.1
Book value per share (US$)	0.99	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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