Press Release

16 February 2010

Arig Books US$ 21.9 Million Profit In Turnaround Performance

Manama: Arab Insurance Group (Arig) delivered net profits of US$ 21.9 million under its 2009 Financial Year results (2008: US$ -28.6 million). The Company's reinsurance book and investment income both contributed to the rebound.

Net earnings for the 4th Quarter 2009 alone amounted to US$ 4.9 million (2008: US$ -17.7 million).

Arig's reinsurance performance was aided by the absence of large loss events, generating a 98.7% combined ratio for the year (2008: 99.8%) on its non-life book of business as well as a turnaround of its Underwriting Result to US$ 10.6 million (2008: US$ -15.3 million). However, reduced demand for reinsurance, falling market rates and Arig's selective risk approach left limited potential for growth. Gross Written Premium of US$ 279.4 million came in close to previous year's level (-0.5%; 2008: US$ 280.7 million) while Net Written Premium increased slightly to US$ 270.7 million (+1%; 2008: 269.2 million).

Recoveries in the global financial markets allowed the Company to book US$ 33.7 million of investment income at year end, or a 5% average return on invested assets (2008: US$ -26.0 million) in a sharp reversal from the previous year when performance was marred by mostly unrealized losses.

Arig's Board of Directors has recommended a cash dividend of 6.25% on the company's paid-up capital, or 6.25 cents per share. The dividend remains subject to clearance by the Central Bank of Bahrain and shareholders' approval at the Company's Annual General Meeting to be held on March 28, 2010.

Yassir Albaharna, Arig's CEO, commented: "While we are obviously pleased with our 2009 performance, I see the industry at crossroads in 2010. Investment returns are expected to be lower yet insurers continue to engage in price wars. Something will have to give. With the measures we have taken to write the good end of the market, I am confident that our Company's position is protected but appetite for growth may be reduced until conditions improve."

Arig's Shareholders' Equity had increased to US$ 267.3 million by the end of 2009 (end of 2008: US$ 239.6 million); Book Value per share registered US$ 1.27 at the same time (end of 2008: US$ 1.13).

Financial Highlights as at 31 December 2009 (in US$ million)

	2009	**2008**
Gross premium written	279.4	280.7
Technical Result	16.5	9.6
Underwriting result	10.6	(15.3)
Investment income	33.7	(26.0)
Operating expenses	34.7	32.4
Net profit	**21.9**	**(28.6)**
Invested assets	663.7	678.5
Net technical provisions	589.8	524.7
Shareholders' equity	267.3	239.6
Total assets	1,132.3	1,082.9
Book value per share (US$)	**1.27**	**1.13**

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About Arig

Arig is one of the largest Arab-owned, professional reinsurance providers in the Middle East and North Africa. Arig is listed on the stock exchanges of Bahrain, Dubai and Kuwait and offers a wide range of reinsurance products and services. Arig's subsidiaries include Takaful Re (Dubai), Gulf Warranties (Bahrain) and ARIMA Insurance Software (Bahrain). Arig is also an equal partner in the joint venture Hardy Arig Insurance Management (HAIM). Additional information about Arig can be obtained at www.arig.net

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