Press Release

13 February 2011

Arig Traded Premium For Profit In 2010

Manama: Arab Insurance Group (Arig) almost matched its previous year performance, posting US$ 20.8 million in profits for the 2010 Financial Year (2009: US$ 21.9 million). Both, reinsurance and investments, contributed to the positive bottom line with a Technical Result of US$ 16.2 million (2009: US$ 16.5 million) and investment returns of US$ 34 million (2009: US$ 33.7 million), all before consideration of expenses. The net profit for the fourth quarter of 2010 was US$ 9.2 million (4th Qtr 2009: US$ 4.9 million).

Arig's non-life reinsurance portfolio performed at a 67.8% loss ratio (2009: 67.9%), bucking the trend of the decline in trading terms. However, prevailing soft market conditions meant that the Group had to sacrifice some premium related to under-performing accounts in order to safeguard its profitability. Correspondingly, Gross Written Premium reduced by 14.3% to US$ 239.5 million (2009: US$ 279.4 million). Amid volatile financial markets and generally depressed yields on fixed term deposits, the Group achieved a 5.2% return on investments for the reporting period (2009: 5.0%).

Yassir Albaharna, Arig's CEO, commented: "Our primary concern is for our stakeholders. We strongly believe that the ability of a reinsurer to produce profits across market cycles is defined by its ability to contract when conditions start becoming unattractive. There is little value in chasing after market share right now. Instead, the Group is concentrating on building new opportunities for future development. During the year we expanded our regional network and established Arig as a corporate member at Lloyd's."

Arig's Board of Directors has recommended a cash dividend of 7.5% on the Company's paid-up capital, or 7.5 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 27, 2011.

Arig's Shareholders' Equity stood at US$ 260.1 million by the end of 2010 (end of 2009: US$ 267.3 million) with a book value per share of US$ 1.31 for the same period (end of 2009: US$ 1.27).

Financial Highlights as at 31 December 2010 (in US$ million)

	2010	**2009**
Gross premium written	239.5	279.4
Technical Result	16.2	16.5
Underwriting result	12.2	13.9
Investment income	34.0	33.7
Operating expenses	35.5	34.7
Net profit	**20.8**	**21.9**
Invested assets	646.9	663.7
Net technical provisions	569.4	589.8
Shareholders' equity	260.1	267.3
Total assets	1,100.3	1,132.3
Book value per share (US$)	**1.31**	**1.27**

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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 in 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) and Arig Capital Ltd, UK. 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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