



المجموعة العربية للتأمين ش.م.ب  
Arab Insurance Group B.S.C.

## News Release

Date: 4 July 2002

### **US\$100 million capital boost for ARIG approved**

**Manama ----:** Arab Insurance Group (ARIG) today announced that it has secured overwhelming support from its shareholders for a recapitalisation initiative that is aimed at boosting the Group's capital base and restoring its financial strength. The Group will shortly commence a capital increase initiative with the aim of raising US\$100 million through a Rights Issue to all shareholders.

In an Extraordinary General Assembly (EGM) meeting convened in Bahrain today, shareholders approved the recapitalisation proposal for the Group as presented by the Board of Directors.

According to the decision taken, the Group's recapitalisation will be achieved through a two-fold process. In the first stage, the Group's capital will be restructured to set off all accumulated losses against issued and paid-up capital and reserves, thereby enabling shareholders to participate in the future earnings of the Group. This will be achieved by reducing the number of shares in issue from 360 million to 150 million through the cancellation of all shares held, and the issue of 5 new ordinary shares for every 12 old shares held. The nominal value of shares will remain unchanged at US\$1 per share.

In the second stage, the issued capital will be increased by a rights issue of 100 million ordinary shares to be offered to all existing shareholders and GDR holders in the ratio of 2 Rights shares for every 3 ordinary shares held, after taking into account the effect of capital reduction. The opening of subscription to the new Rights issue is expected to be announced publicly to shareholders shortly.

Mr Nasser Al Nowais, Chairman of ARIG who chaired the Extraordinary General Assembly meeting, commented that strengthening the Group's capitalisation, especially after the significant losses of the terrorist attacks in the USA, is considered to be a key step, enabling the Group to continue to enjoy the confidence of its clients, business partners and the insurance industry at large.

"The overwhelming support and commitment of shareholders to the Group's recapitalisation initiative is a strong sign of approval for its revised strategies aimed at putting ARIG back on track" said Mr Al Nowais, adding that the introduction of additional capital will not only meet the expectations of international financial markets, but will also further enable it to realize prevailing opportunities currently offered by the insurance markets.

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Mr Al Nowais elaborated that the recapitalisation initiative would enable ARIG to play a greater role in supporting core Arab and North African markets and progress its strategy of transforming ARIG into a financial services provider.

## **ARIG Background**

ARIG was formed in 1980 and is the largest reinsurance operation in the Middle East. In addition to its reinsurance operations that are undertaken from the headquarters in Bahrain and overseas offices in Tunisia and Hong Kong, the Group operates subsidiaries in Morocco (CNIA Assurance), Egypt (Arab Misr Insurance Group – AMIG) and Jordan (Arab Jordanian Insurance Group – AJIG). The Group also has strategic presence in the regional markets through its associated companies including Bahrain-based Al Ahlia Insurance, Arab Lebanese Insurance Group (ALIG) and Arab Tunisian Insurance Group (ATIG).