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Press Release

Arig net profit increases by 50% for the 3rd quarter 2006

Manama: Arab Insurance Group (Arig) today announced its results for the nine months ended 30 September 2006 reporting a net profit of US$ 12.9 million. This represents an increase of 50% over the net profit of US$ 8.6 million registered in the second quarter of 2006, and compares to a net profit of US$ 13.2 million for the same period last year (excluding profits of US$ 28.9 million from discontinued operations).

The gross premiums at the end of the quarter were US$ 146.8 million, up from US$ 144.9 million for the same period in 2005. The growth was mainly in facultative reinsurance premiums (property and engineering classes) which grew by 36% to US$ 23.6 million for the period from US$ 17.4 million. As a part of maintaining strict underwriting discipline, Arig did not renew several non-profitable treaties. The treaty premium at the end of the quarter was US$ 119.2 million, down from US$ 125.0 million. Life premiums grew by 65% to US$ 4.0 million from US$ 2.4 million in 2005.-

The commencement of Arig's branch operations in Singapore resulted in a strong premium growth of 67% from East Asia markets.

Despite the increased volatility in global financial markets, resulting in significant unrealised losses on the trading portfolios, Arig's investment income amounted to US$ 26.2 million. Shareholders' equity at 30 September 2006 increased to US$ 275.8 million compared to US$ 272.4 million at year-end 2005.

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