Press Release

May 14th, 2008

Arig posts net profit of US$ 3 million for 1st quarter 2008

Manama: Arab Insurance Group (B.S.C.) (Arig) announced a net profit of US$ 3.0 million for the first quarter 2008 (Q1 2007: US$ 7.6 million). The performance of the company's core reinsurance business was better than expected but the volatility of the global financial markets during the first months of the year depressed investment income. The combined effects generated a first quarter Underwriting Result of US$ 1 million for Arig (Q1 2007: US$ 3.7 million).

Arig's reinsurance portfolio grew by 41% year-on-year with Q1 Gross Written Premium accounting for US$ 130.7 million (Q1 2007: US$ 93.0 million). Life, Medical lines and the dynamics experienced within the existing portfolio were key drivers of growth.

Investment earnings were down in tandem with the decline in global financial markets. However, negative impact was contained by Arig's lower allocation to equities and the stop loss protection the company has in place. Other offsetting factors include increased earnings from cash and short-term maturities as the company maintained higher cash positions during the turbulent quarter. The company has no exposure to the U.S. sub-prime property market.

Yassir Albaharna, Arig's CEO, commented: "The trends and result seen in our reinsurance book are testimony to Arig's strong position in a highly competitive market place. We believe we have made the right moves in time to shield the company against the effects of what increasingly looks like a buyer's market. Current performance in the investment portfolio is part and parcel of the kind of market volatility experienced from time to time. We are confident that markets should eventually recover."

Shareholder's equity stood at US$ 281.9 million and the book value per share was US$ 1.33 at the end of the quarter 2008.

Financial Highlights as at 31 March 2008

	(US$'000)		
	31 March		Year
	2008	2007	2007
Gross premium written	130,730	92,997	249,968
Underwriting result	994	3,672	270
Investment income	3,193	9,000	53,693
Operating expenses	8,180	5,590	29,170
Net profit	**2,956**	**7,638**	**23,655**
Investment assets	714,339	681,777	711,658
Net technical provisions	536,311	416,764	459,104
Shareholders' equity	281,873	279,786	298,438
Total assets	1,142,800	1,010,386	1,049,808
Book value per share (US$)	**1.33**	**1.30**	**1.40**

About Arig

Arab Insurance Group (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). Additional information about Arig can be obtained at www.arig.net

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