Press Release

14 February 2008

Arig posts profits of US$ 23.7 million for 2007

Manama: Arab Insurance Group (B.S.C.) (Arig) announced net profits of US$ 23.7 million for the 2007 Financial Year (2006: US$ 30.4 million that included non-recurring income of US$ 10.4 million).

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 approval by the company's Annual General Meeting to be held on 30th March 2008.

Results include net impact of US$ 9.2 million from Cyclone 'Gonu', the rare natural event that caused an estimated US$ 800 million of insured losses in the Sultanate of Oman in June 2007.

On the back of a large Life reinsurance book acquired from Scottish Re in mid-year and new non-life business written from target markets in the Far East and in Sub-Sahara Africa, Arig's reinsurance portfolio grew by 50% over the year to reach US$ 250 million of Gross Written Premium (2006: US$ 166.3 million). Yassir Albaharna, CEO, commented: "Working with an international team of highly experienced underwriters has enabled Arig to assume the role of a regional leader in Life reinsurance. We view this as an important milestone in the future positioning of the Group and in securing attractive financial returns for our shareholders".

Investment income for the year increased to US$ 53.7 million (2006: US$ 38.4 million). The Group has no exposure to the US sub-prime mortgage market.

Shareholder's equity stood at US$ 298.4 million and the book value per share was US$ 1.40 at the end of December 2007.

Financial Highlights as at 31 December 2007

(US$'000)

	Year 2007	Year 2006
Gross premiums written	249,968	166,304
Underwriting result	270	8,066
Investment income	53,693	38,377
Operating expenses	29,170	24,188
Net profit	**23,655**	**30,366**
Investment assets	711,658	674,274
Net technical provisions	459,104	361,219
Shareholders' equity	298,438	293,396
Total assets	1,049,808	930,176
Book value per share (US$)	**1.40**	**1.36**

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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