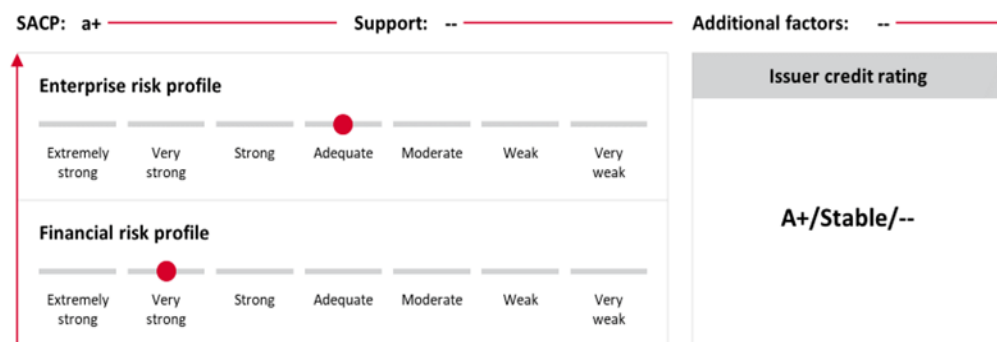


Arab Investment and Export Credit Guarantee Corp. (Dhaman)

June 17, 2025

This report does not constitute a rating action.

Ratings Score Snapshot



SACP--Stand-alone credit profile.

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Overview

Enterprise risk profile	Financial risk profile
Dhaman's public policy mandate is to facilitate the development of Arab states' economies by providing insurance for commercial and noncommercial risks.	Dhaman's robust levels of capital adequacy and exceptional liquidity remain key credit strengths.
--Dhaman's total gross insured business has remained flat over recent years, despite recent expansion in the investment guarantee line.	--We expect the corporation's risk-based capital adequacy to remain redundant at the 99.99% confidence level with a material buffer over the next two years.
--Notwithstanding Dhaman's strong history of recoveries from member states, we do not incorporate preferred creditor treatment because less than 25% of its insured business is noncommercial.	--Dhaman's exceptional liquidity is underpinned by its conservative investment portfolio, largely geared toward fixed-income instruments
--Dhaman's shareholder base remains stable and supportive, despite high operating risks in several member countries.	--Given the materiality of Dhaman's capital buffers and its investment exposures, we think the corporation is unlikely to experience volatility in its capital and earnings.

We think that Arab Investment and Export Credit Guarantee Corp. (Dhaman) has successfully turned around its investment guarantee business line. After stagnating at about \$100 million-

\$200 million for several years, Dhaman's gross insured business in the investment guarantee line, where its development impact is the highest, rebounded to \$701 million in 2023 and \$650 million in 2024. This stemmed from Dhaman's issuance of a nonhonoring of sovereign financial obligation insurance policy to cover a \$500 million seven-year international commercial loan provided by Deutsche Bank AG and the Arab Banking Corp. B.S.C. to the Egyptian government in 2023. The deal, which will support social projects in health and education, marks Egypt's first international loan transaction benefiting from a multilateral credit-enhancement mechanism.

Despite a recovery in the investment guarantee line, Dhaman's total insured business remained flat at \$3 billion in 2024. Lower business volumes and premiums in the export credit line offset Dhaman's still-robust performance in the investment guarantee line. The decline owed to the nonrenewal of a major single-risk policy. Our base case assumes broadly supportive hydrocarbon prices will bolster Dhaman's medium-term operational performance; however, this may be partially offset by the imposition of additional credit limits on certain member states.

We forecast Dhaman's risk-based capital adequacy to remain redundant at the 99.99% confidence level. Based on the scale of operations and business growth projections for the next two years, we expect Dhaman will maintain its robust level of capital adequacy over the same period, supported by profitable earnings.

Outlook

The stable outlook reflects our expectation that Dhaman will advance its strategic plan and further expand its investment guarantee business line, while maintaining its robust capital and liquidity positions.

Downside scenario

We could lower the rating in the next two years if we observe weakening shareholder support or execution risks around the entity's public policy mandate. The withdrawal of a major shareholder or persistent challenges related to expanding the core investment guarantee business line could demonstrate this.

A material deterioration of Dhaman's capital or liquidity position could also place pressure on the rating, although we currently view this as unlikely.

Upside scenario

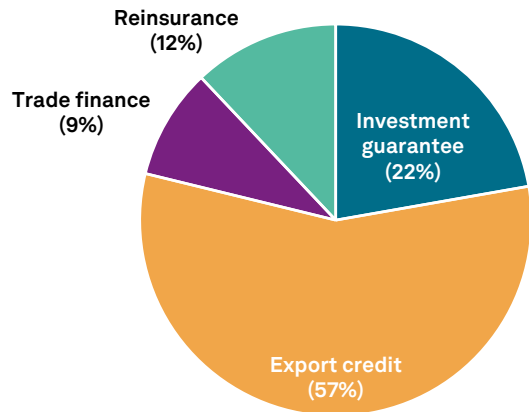
A track record of strong business expansion or a substantial capital increase accompanied by timely member subscriptions could lead to a positive rating action. Ratings upside would hinge on still-robust capital and liquidity levels.

Enterprise Risk Profile

Dhaman was established in 1974 to support trade and investments to and from Arab states by providing political risk and export credit guarantee insurance. Dhaman's main business remains its export credit line (57% of total insured business), which provides exporters with insurance against credit and political risks that may cause an importer or obligor to default on a payment. Historically, structural challenges hampered expansion in the investment guarantee line (22% of total insured business), including a complex operating environment and stiffening competition from private insurers. However, the signing of a major insurance policy with the

Egyptian government in 2023 helped support a strong recovery in this segment, with two additional large deals to be finalized in 2025.

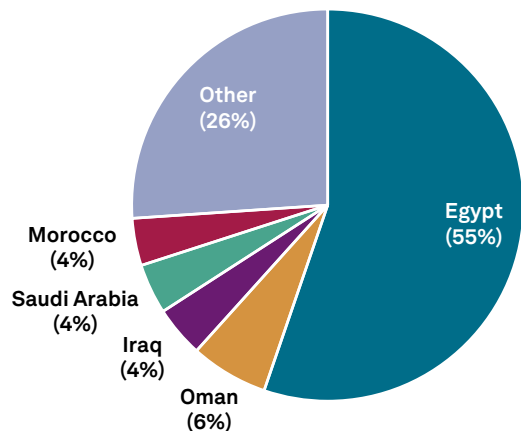
Total insured business by business line



Data as of Dec. 31, 2024. Source: S&P Global Ratings.

Geopolitical tensions and economic challenges in the region continue to affect the geographical scope of Dhaman’s operations. Since 2022, Dhaman has selectively withdrawn coverage from certain geographies and is applying a more conservative underwriting approach to others. Already, five out of the 21 member countries--Lebanon, Syria, Somalia, Sudan, and Yemen--alongside others on a selective basis, are regularly placed off-cover, narrowing Dhaman’s geographic coverage and the scope of its business operations. Although this reflects ongoing difficult operating conditions, that we think are an output of Dhaman’s prudent risk settings that, it could limit the agency’s development impact.

Commitment concentrations by host country



Data as of Dec. 31, 2024. Source: S&P Global Ratings.

Dhaman’s leadership team advances its 2022-2026 strategic plan to enhance the corporation’s developmental role and regional efforts. The strategy aims to repurpose

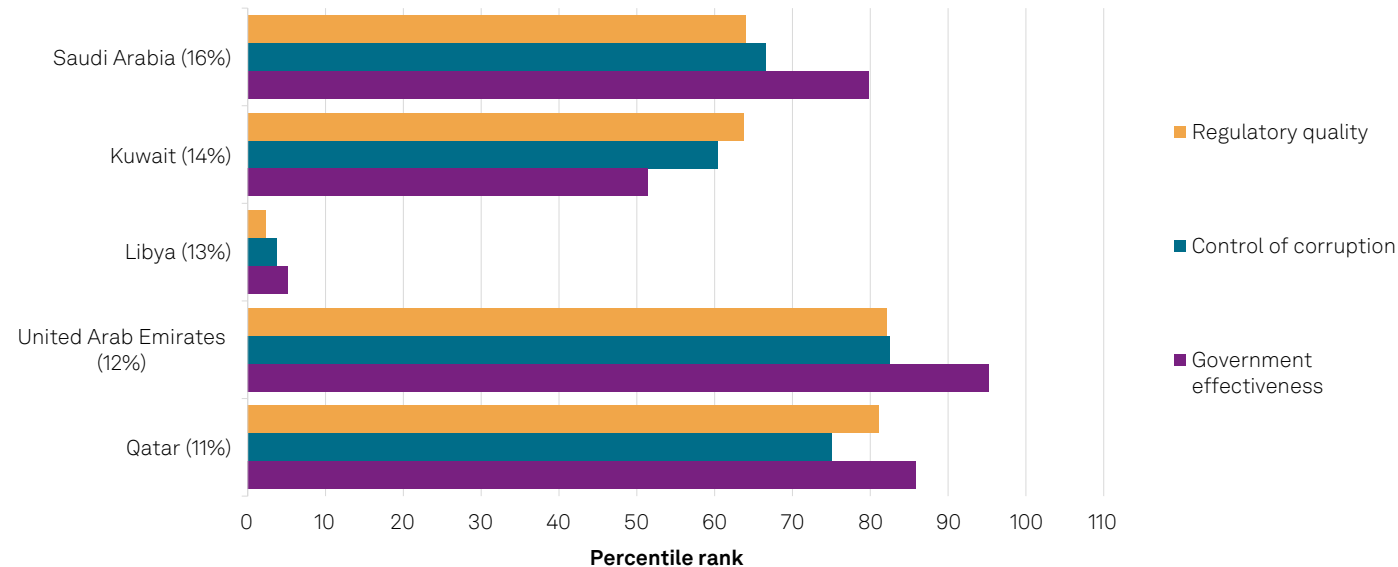
Dhaman's vision and mission, redefine its risk appetite, outline plans for growth that include new markets and products, and specify new requirements for systems and risk management. We expect the strategy, while yet to deliver meaningful growth and impact, in our view, could benefit Dhaman's medium-term business volumes. However, a structural lack of investor interest in high-income member countries (such as in the Gulf Cooperation Council) could jeopardize further expansion in the investment guarantee line.

Dhaman's concentration in oil- and other petrochemical-related insurance activity is elevated relative to peers, although it has declined over recent years. We think that this has prevented Dhaman from performing its countercyclical role, as export credit and trade finance business volumes correlate strongly with oil prices. Positively, management has managed to lower its hydrocarbon exposure to 16% in 2024, from 30% historically, by reducing oil and gas export transactions from member to nonmember countries and diversifying into new commodity sectors such as grains, edible oils, and sugar.

Dhaman faces steep competition from private insurers and other development agencies in its countries of operations, with some players entering the market with new products and covering a wider range of risks. In our view, Dhaman's low profile in nonmember countries, eligibility criteria for its business, and its limited range of risk coverage could undermine its competitive position.

Despite high operating risks in several member countries, Dhaman's shareholder base has remained stable and supportive. The corporation currently has 25 shareholders: 21 Arab states, and four pan-Arab regional funds owned by similar shareholders (the funds do not have voting rights). No shareholder has left the corporation, and we do not expect any departures over the medium term. Dhaman's most recent capital increase was in 2013, which resulted in a 50% augmentation of capital from all shareholders to be repaid over a five-year period. This was followed by a voluntary additional contribution from its five largest shareholders in 2014. We understand there are still overdue payments from four member states and three institutional shareholders from the first capital-raising exercise in 2013. Two state shareholders recently paid 50% of their outstanding shares.

Dhaman's five largest state shareholders
Selected world bank governance indicators



Rankings as of Dec 31, 2023. Source: S&P Global Ratings.

We do not incorporate preferred creditor treatment in our assessment of Dhaman’s enterprise risk profile because less than 25% of its insured business is noncommercial (the investment guarantee line; currently 22% of total insured business). Within this line of business, Dhaman has a strong history of recoveries from member states, although recoveries can occur over an extended period and Dhaman has granted small waivers in the past (related to interest on late recoveries). We expect preferential treatment from member countries for Dhaman’s commercial exposure, for instance, by exempting them from currency convertibility or transfer restrictions. There are currently no outstanding arrears on Dhaman’s sovereign exposures.

Financial Risk Profile

We view Dhaman’s financial risk profile as very strong, based on its excellent financial risk profile under our insurance criteria. We expect Dhaman’s risk-based capital adequacy to remain redundant at the 99.99% confidence level with a material buffer over the next two years. Given the materiality of the corporation’s capital buffer and its investment exposures, we think the corporation is unlikely to experience volatility in its capital and earnings.

Dhaman’s conservative investment portfolio, largely geared toward fixed-income instruments, underpins its exceptional liquidity. In 2024, the portfolio comprised 44% managed funds and equities (including infrastructure equity funds), 33% bonds, and 23% cash and cash equivalents.

Dhaman holds its investments in U.S. dollars and Kuwaiti dinar. The latter currency is pegged to an undisclosed basket of currencies and has historically shown very little volatility relative to the U.S. dollar. We therefore view minimal foreign exchange risk.

Extraordinary Shareholder Support

We incorporate no uplift from extraordinary shareholder support into our 'A+' issuer credit rating, since all of Dhaman's subscribed capital has been fully paid-in, and although there is no absolute commitment for additional capital support from any shareholder or a third party in the event of need, we expect shareholders to remain fully supportive.

Arab Investment and Export Credit Guarantee Corp. (Dhaman)--Selected indicators

	2024	2023	2022
Summary Balance Sheet (KWD 000s)			
Assets			
Cash and cash equivalents	40,441	36,247	31,918
Bonds	58,115	44,827	43,017
Equities	1,436	1,456	1,448
Managed funds	74,252	86,140	85,967
Total invested assets	174,244	168,671	162,350
Total assets	178,262	173,003	164,979
Liabilities			
Technical reserves	5,615	6,901	4,502
Total liabilities	9,913	11,170	8,957
Shareholder Equity			
Common equity	91,167	91,117	91,103
Generl reserve	77,181	70,716	64,919
Total shareholder equity	168,348	161,833	156,022
Selected Indicators			
Insurance revenue	8,228	4,648	3,517
EBIT	6,466	5,796	1,831
Net income (attributable to all shareholders)	6,466	5,796	1,831
Return on shareholders' equity (reported) (%)	3.92	3.65	N/A
P/C: net combined ratio (%)	79.70	68.60	56.20

Ratios and metrics are under IFRS 17. KWD--Kuwaiti dinar.

Rating Component Scores

Enterprise Risk Profile	Extremely strong	Very strong	Strong	Adequate	Moderate	Weak	Very weak
Policy Importance	Very strong	Strong	Adequate		Moderate	Weak	
Governance and Management	Strong		Adequate			Weak	
Financial Risk Profile	Extremely strong	Very strong	Strong	Adequate	Moderate	Weak	Very weak
Capital Adequacy	Extremely strong	Very strong	Strong	Adequate	Moderate	Weak	Very weak
Funding and Liquidity	Very strong	Strong	Adequate	Moderate	Weak	Very weak	

Related Criteria

- [Criteria | Insurance | General: Insurer Risk-Based Capital Adequacy--Methodology And Assumptions](#), Nov. 15, 2023
- [Criteria | Governments | General: Multilateral Lending Institutions And Other Supranational Institutions Ratings Methodology](#), Jan. 31, 2022
- [General Criteria: Environmental, Social, And Governance Principles In Credit Ratings](#), Oct. 10, 2021
- [Criteria | Insurance | General: Insurers Rating Methodology](#), July 1, 2019
- [General Criteria: Principles Of Credit Ratings](#), Feb. 16, 2011

Related Research

- [Abridged Supranationals Interim Edition 2025: Comparative Data For Multilateral Lending Institutions](#), May 22, 2025
- [Abridged Supranationals Interim Edition 2025: Multilateral Lending Institutions Sector Updates](#), May 22, 2025
- [Arab Investment and Export Credit Guarantee Corporation \(Dhaman\) 'A+' Ratings Affirmed: Outlook Stable](#), March 27, 2024

Ratings Detail (as of June 17, 2025)*

Arab Investment and Export Credit Guarantee Corp. (The)	
Financial Strength Rating	
Local Currency	A+/Stable/--
Issuer Credit Rating	
Foreign Currency	A+/Stable/--
Issuer Credit Ratings History	

Ratings Detail (as of June 17, 2025)*

30-Mar-2022	Foreign Currency	A+/Stable/--
30-Mar-2021		AA-/Negative/--
28-Mar-2019		AA-/Stable/--

*Unless otherwise noted, all ratings in this report are global scale ratings. S&P Global Ratings' credit ratings on the global scale are comparable across countries. S&P Global Ratings' credit ratings on a national scale are relative to obligors or obligations within that specific country. Issue and debt ratings could include debt guaranteed by another entity, and rated debt that an entity guarantees.

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