Research Update:

Arab Investment and Export Credit Guarantee Corp. (Dhaman) 'A+' Ratings Affirmed; Outlook Stable

April 17, 2026

*(**Editor's Note:** S&P Global Ratings believes there is a high degree of unpredictability around the duration and scale of the Middle East war and its potential effect on commodity prices, supply chains, economies, and credit conditions. As a result, our baseline forecasts carry a significant amount of uncertainty. As situations evolve, we will gauge the macro and credit materiality of potential shifts and reassess our guidance accordingly.)*

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Overview

- Dhaman's exposure to regions affected by the conflict in the Middle East is mitigated through adequate reinsurance protection, and the institution has no specific war risk, political violence, or civil disturbance covers in the affected region.
- We think Dhaman's strong capital buffers will remain resilient and sufficient to absorb potential capital market volatility, as well as any war-related claims.
- Nevertheless, we expect the conflict will impair the entity's business plans, given their concentration in directly exposed countries.
- We affirmed our 'A+' issuer credit and financial strength ratings on Dhaman. The outlook remains stable.

Rating Action

On April 17, 2026, S&P Global Ratings affirmed its 'A+' long-term issuer credit and financial strength ratings on The Arab Investment and Export Credit Guarantee Corp. (Dhaman). The outlook remains stable.

Outlook

The stable outlook reflects our expectation that Dhaman's capital and liquidity positions will remain resilient and sufficient to absorb any war-related claims, which we expect to be modest and supported by adequate reinsurance protection.

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 indicate this.

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

Upside scenario

A track record of strong business expansion or 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.

Rationale

Dhaman was established in 1974 to support trade and investments to and from Arab states by providing political risk and export credit guarantee insurance. The entity's main business remains its export credit line (59% 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, including a complex operating environment, a lack of investor interest in high-income member countries (such as the Gulf Cooperation Council), and stiffening competition from private insurers, hampered expansion in the investment guarantee line (21% of total insured business).

Adequate reinsurance protection mitigates Dhaman's exposure to regions affected by the Middle East conflict. As of March 31, 2026, Egypt represented the largest share of gross exposure at nearly 45%, followed by Iraq at 7%. At the sectoral level, Dhaman maintains elevated direct and indirect exposure to the hydrocarbon sector, which accounts for about 20% of total insured business. However, we understand the institution has no direct political risk insurance exposure, including coverage for war, political violence, or civil disturbance. Rather, coverage in the affected countries is limited to confiscation, expropriation, nationalization, and deprivation.

Notwithstanding the conflict, we think Dhaman's strong capital buffers will remain resilient and sufficient to absorb potential capital market volatility. As of March 31, 2026, the entity had not received any conflict-related claims notifications. The institution's capital adequacy also continues to demonstrate a substantial buffer above the 99.99% confidence level, as measured by our insurers' risk-based capital model. While we continue to monitor regional developments, we expect Dhaman to maintain robust capital adequacy over the next two years.

We expect the institution's business plans will be more exposed to disruption than those of peers with lower regional concentration. Dhaman's expansion strategy is concentrated in countries directly affected by the conflict, including Bahrain, Iraq, Saudi Arabia, and Syria. Consistent with its preexisting risk framework, we expect the entity will continue to operate with a cautious and selective underwriting posture, which could impair its ability to scale new business.

Geopolitical tensions and economic challenges in the region limit the geographical scope of Dhaman's operations. In recent years, the entity has selectively withdrawn coverage from certain regions and is applying a more conservative underwriting approach to others. Already, five 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 difficult operating conditions we think are a result of Dhaman's prudent risk settings, it could limit the agency's development impact.

Dhaman's concentration in oil- and other petrochemical-related insurance activity is elevated relative to that of peers, although it has declined in recent years. We think this has prevented the corporation 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 20% in 2025 from 30% historically, by reducing oil and gas export transactions from member to nonmember countries and diversifying into commodity sectors such as grains, edible oils, and sugar.

Despite high operating risks in several member countries, Dhaman's shareholder base has remained stable and supportive. The corporation has 25 shareholders: 21 Arab states and four pan-Arab regional funds owned by similar shareholders (the funds' voting rights are aligned with the majority of the member states' voting power). No shareholder has left the corporation, and we do not expect any departures. 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 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 shares outstanding, while one institutional member confirmed its intention to settle its capital contribution outstanding.

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 21% of total insured business). Within this line of business, the entity has a strong history of recoveries from member states, although these can occur over an extended period and Dhaman has granted small waivers (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 no outstanding arrears on the sovereign exposures.

We view Dhaman's financial risk profile as very strong, based on its excellent financial risk profile under our insurance criteria. We expect the entity'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 exposure, we think Dhaman is unlikely to experience volatility in its capital and earnings despite the regional tensions.

Dhaman's conservative investment portfolio, largely geared toward fixed-income instruments, underpins its exceptional liquidity. At year-end 2025, the portfolio comprised 55% bonds, 24% equities (including infrastructure equity funds), 14% cash, and 7% real estate.

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

Ratings Score Snapshot

Issuer credit rating: A+/Stable/--

- Stand-alone credit profile: a+
- Holistic approach: 0

Enterprise risk profile: Adequate

- Policy importance: Adequate
- Governance and management expertise: Adequate

Financial risk profile: Very Strong

- Capital adequacy: N/A
- Funding and liquidity: N/A

N/A--Not applicable.

Related Criteria

- Criteria | Governments | General: Multilateral Lending Institutions And Other Supranational Institutions Ratings Methodology, Oct. 13, 2025
- Criteria | Insurance | General: Insurer Risk-Based Capital Adequacy--Methodology And Assumptions, Nov. 15, 2023
- 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

Ratings List

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

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