



الشركة الإسلامية العربية للتأمين (ش.م.ع.)  
ISLAMIC ARAB INSURANCE CO.(P.S.C.)

معاً، لمستقبل آمن.  
SECURING OUR FUTURE. together.

مقيدة تحت الرقم (١٧) بموجب القانون الاتحادي رقم (٦) لسنة ٢٠٠٧.  
Registration No. (17) under Federal Law No. (6) of 2007.

## Detailed analysis of accumulated losses

This form has been prepared in accordance with the disclosure requirements included in the SCA Board of Directors' Decision No. (32/R.M.) of 2019 concerning procedures for companies whose shares are listed on the market, and whose accumulated losses amount to (20%) or more of their paid-up capital. Listed Companies are required to comply with the provisions of the decision as soon as their accumulated losses reach (20%) or more of their paid-up capital.

<b>Date:</b>	08/08/2025
<b>Name of the Listed Company:</b>	Islamic Arab Insurance Company – SALAMA (p.s.c)
<b>Define the period of the financial statements:</b>	30/06/2025
<b>Value of the Accumulated losses:</b>	AED 440,684,313
<b>Accumulated losses to paid-up capital ratio (%):</b>	46.90%
<b>The main reasons for accumulated losses and the period in which these losses began. (Determine the period in which these losses began to appear in the company's financial statements):</b>	<ul style="list-style-type: none"> <li>Provision of AED 288,467,043 taken in 2024 against qualified assets linked to litigation ongoing since 2019. Despite the provision being taken in 2024 by restated opening balance of 2023, Salama will continue to pursue those legal cases to the maximum extent of the law.</li> <li>Provisions of AED 28.02 taken in 2023 million against the irrecoverable reinsurance share related to a large fire claim.</li> <li>The devaluation of the Egyptian pound in 2023 against the UAE Dirham, coupled with prevailing inflation rates in Egypt, necessitated a goodwill impairment of AED 49 million from its subsidiaries, primarily in Egypt.</li> <li>The company's 2023 profits were impacted by unrealized losses on shareholder investments amounting to AED 71.2 million, as well as provisions of AED 12.01 million for credit losses on other investments and receivables, in accordance with IFRS 9.</li> </ul>



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<b>Summary of the steps and initiatives undertaken by the company to address the accumulated losses:</b>	<p>The Board aims to conclusively address the accumulated losses in this year (2025). Action is being taken to analyze the optimal method to reduced accumulated losses and to evaluate the regulatory requirements and regulatory approvals that are needed. Other measures being taken by the company include asset reallocation and enhanced risk management to strengthen financial stability, improve liquidity, and ensure sustainable long-term growth.</p>
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The Measures that will be taken to deal with the accumulated losses and the approved plan				
Procedure / Procedures	The time frame for implementing the procedure according to the approved plan	What has been implemented of the procedure and the percentage of implementation according to the approved plan	Reasons for not implementing the procedure or delaying its implementation according to the approved plan	Any modifications or changes made to the procedure
<b>Procedure 1</b>	The board aims to conclusively address the accumulated losses in the 2 <sup>nd</sup> half of 2025.	<p>In its meeting on 26/03/2025, the board discussed arrangements including the possibility of addressing accumulated losses through capital reduction. The board has instructed management to prepare the required analysis and formalities.</p> <p>Salama has since appointed an external financial advisor to review the regulatory requirements and make recommendations to the management and the board on the optimal method of dealing with accumulated losses during 2025.</p> <p>The work of the financial advisor is underway and is expected to be presented to the board in the 3rd quarter of 2025.</p>	-	-



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<b>Procedure 2</b>	Asset reallocation and enhanced risk management have already been initiated to strengthen financial stability, improve liquidity, and ensure sustainable long-term growth.	Starting in early 2024, actions have been taken to reallocate assets (55% complete) and enhance risk management (90% complete).	-	-
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<b>The Name of the Authorized Signatory</b>	Fahad Abdulqader AlQassim
<b>Designation</b>	Chairman of the Board
<b>Signature and Date</b>	08/08/2025 Signed by: <i>Fahad Al Qassim</i> 811AB816E3C5452...
<b>Company's Seal</b>	

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