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.

Date:	14/05/2025
Name of the Listed Company:	Islamic Arab Insurance Company
Define the period of the financial statements:	31/03/2025
Value of the Accumulated losses:	AED 445,353,162
Accumulated losses to paid-up capital ratio (%):	47.40%
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):	• Provision of AED 288,467,043 taken in previous year against qualified assets linked to litigation which have been ongoing since 2019. Despite the provision being taken by restating the opening balance of 2023, Salama will continue to pursue all legal avenues to recover these amounts. • Provisions of AED 28.02 million taken in 2023 against the irrecoverable reinsurance share related to a large fire claim. • 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. • 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.
Summary of the steps and initiatives undertaken by the company to address the accumulated losses:	The Board has implemented a plan to address the accumulated losses. The plan aims to offset accumulated losses through capital reduction which will be presented in a General Assembly Meeting after obtaining preliminary regulatory approval. 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.

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**
Procedure 1	During Q2-2025, the company will actively pursue a capital reduction to offset accumulated losses with capital after receiving preliminary regulatory approvals.	In its meeting on 26/03/2025, the board discussed arrangements including the possibility of capital reduction and instructed management to prepare the required formalities, with a view if starting the process beginning Q2-2025. The engagement with a financial advisor is underway to present an analysis and recommendations to the board for their review and approval.		
Procedure 2	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 (60% complete) and enhance risk management (90% complete).		

The Name of the Authorized Signatory	Fahad Abdulqader AlQassim
Designation	Chairman of the Board
Signature and Date	14/05/2025 Signed by: Fahad Al Qassim 811AB818E3C5452...
Company's Seal	سـلامـة SALAMA الشركة الإسلامية العربية للتأمين (ش.م.ع) ISLAMIC ARAB INSURANCE CO.(P.S.C.) DUBAI - U.A.E (1)