

25 March 2020

SALAMA Insurance achieves AED 55 million net profit in 2019 and the Board of Directors recommends cash dividends

Highlights:

- Gross written premium (GWP) grew by 6.25% to AED 1,106 million in 2019 from AED 1,041 million in 2018
- Underwriting income increased by 21% to AED 183 million in 2019 from AED 151 million in 2018
- Net profit of AED 55 million reported in 2019 compared to AED 2 million in 2018
- Board of Directors recommended a cash dividend of 3 fils per share; and it is the first cash dividend since SALAMA's IPO

Dubai - United Arab Emirates, March 25, 2020: Islamic Arab Insurance Company ("Salama"), the UAE's largest and oldest takaful provider, announced its audited financial results for the year ended 31 December 2019, reporting a net profit of AED 55 million. The Gross Written Premium grew by 6.25% to reach AED 1,106 million in 2019 compared to AED 1,041 million in 2018. SALAMA's focus on improving the quality of risk underwritten while maintaining a delicate balance on the topline growth has led to the improvement in the underwriting profit, which grew from AED151 million in 2018 to AED183 million in 2019.

For the first time since its listing on the Dubai Financial Market, the board of SALAMA has recommended a cash dividend of 3 fils per share to its shareholders.

SALAMA's subsidiaries in Egypt and Algeria also reported stellar growth in underwriting income. Egypt's Non-life and Life takaful companies showed an increase of 74% and 52% respectively, while SALAMA Assurances in Algeria reported growth of 80% in the underwriting income.

In 2019, the shareholders of SALAMA elected a new board that implemented a multifaceted strategy focused on increased profitability, consolidation and improvement of the investment portfolio, and enhanced corporate governance aimed at SALAMA's long term and sustainable growth.

As part of this strategy, SALAMA substantially overhauled its investment portfolio in 2019, repositioning its investment portfolio to low volatility and high-quality income-generating assets that generate consistent risk-adjusted cash income. The investment income is expected to be an essential component of overall profitability in the coming years. The board has also directed the management to aggressively scrutinize and claw back a legacy portfolio of low yield investments in "Mudarabah" structures with non-regulated counterparties.

SALAMA's strong business practices, customer-focused product offerings and technology-driven solutions have led S&P to improve SALAMA's rating to BBB with a stable outlook. S&P also recognized SALAMA's AAA-rated capital adequacy.

Commenting on the results, SALAMA's Chairman Jassim Alseddiqi commented: "SALAMA's performance in 2019 is the outcome of the board's relentless strive to improve the underwriting and balance the investment portfolio across the group. During 2019, we pared down exposure to risky assets and began the process of moving the portfolio to stable and conservative cash income producing assets. The current COVID-19 pandemic situation has left us all to make extraordinary decisions amid mounting challenges. Our medical and life underwriting portfolios are substantially derisked through prudent reinsurance treaties. We remain positive and optimistic about long term growth of Takaful sector and continue to assess various organic and inorganic growth opportunities."

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Notes to editor:

About SALAMA Islamic Arab Insurance Company

SALAMA Islamic Arab Insurance Company is one of the world's largest and longest-established Shari'ah compliant Takaful solutions providers listed on the Dubai Financial Market, with paid-up capital of Dh1.21bn. SALAMA has been a pioneer in the Takaful industry from its incorporation in 1979 to the present day.

SALAMA's stability and success can be attributed to its customer-centric approach, keeping clients and partners at the heart of the business, and its

commitment to its core values and principles. SALAMA continues to design and develop solutions that meet the ever-changing demand of customers. Today, SALAMA is recognised for providing the most competitive and diverse range of Takaful solutions in the region.

SALAMA serves individual customers and institutions in the UAE and, through its extensive network of subsidiaries and associates, the Kingdom of Saudi Arabia, Egypt and Algeria.

As the UAE's leading Takaful company, SALAMA offers a comprehensive range of family, motor, general and health Takaful solutions. Due to its reputation for high-quality products and services and implementation of Takaful best practice, SALAMA won the 'Family Takaful Company of the Year-2015' award at the Middle East Insurance Awards, 'Best Family Takaful Operator ME – 2016' at the Islamic Banking and Finance Awards, 'Best Takaful Operator - 2019' by the Islamic Banking and Finance Awards as well as other accolades.

SALAMA continues to be the preferred Takaful partner by its partners and customers, remaining committed to 'Securing our future – together.'