

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:	26/03/2025
Name of the Listed Company:	Islamic Arab Insurance Company
Define the period of the financial statements:	31/12/2024
Value of the Accumulated losses:	AED 443,861,234
Accumulated losses to paid-up capital ratio (%):	47.23%
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):	<ul style="list-style-type: none"> • 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, Salama will continue to pursue those legal cases to the maximum extent of the law. • 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 reviewed 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 intends to pursue a capital reduction to offset accumulated losses with capital after receiving preliminary regulatory approvals.	In its meeting of 26/03/2025 the board discussed arrangements including the possibility of capital reduction and instructed management to prepare the required formalities to consider this, with a view of starting the process beginning of Q2 2025.		
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 (50% complete) and enhance risk management (90% complete).		
Procedure 3				
Procedure 4				
Procedure 5				

The Name of the Authorized Signatory	Fahad Abdulqader AlQassim
Designation	Chairman of the Board
Signature and Date	26/03/2025 
Company's Seal	