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SALAMA posts highest first quarter profit since 2011, up 84.43% y-o-y as Board's strategic focus pays off

Highlights:

- Q1 profits hit a 10-year high of AED 24.22 million, up 84.43% year-on-year, reflecting the benefit of strategic focus on core profitability and investment income, as well as strong UAE performance
- Gross written premiums maintained at AED 427.55 million despite challenging macroeconomic environment
- Earnings per share up 35.71% from AED 0.014 to AED 0.019
- Digitization efforts and new product launches, together with stabilizing marketplace, will underpin positive outlook

Dubai, May 10 2021: Islamic Arab Insurance Company, listed as "SALAMA" on the DFM, today announced its audited financial results for Q1 2021. SALAMA reported a net income of AED 24.22 million in the first quarter of 2021, its highest Q1 net profit since 2011, and an increase of 84.43% compared to AED 13.13 million in the first quarter of 2020.

SALAMA started the year on a strong note, continuing the upward trend in achieving its strategic objectives. In particular, the company delivered a solid performance in improving core business profitability and investment income, which increased by 60.05% to AED 12.25 million in the first quarter of 2021, compared to AED 7.65 million in the same period last year.

SALAMA's strategic focus on the local UAE market, where it sees the most growth potential, enabled the company to maintain its gross written premiums at AED 427.55 million in the first quarter despite a challenging macroeconomic environment amid the continuing impact of the pandemic.



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SALAMA's subsidiaries in Egypt and Algeria also generated positive results, recording a profit of AED 6 million in the first quarter of 2021 compared with AED 2m the same period last year. Meanwhile, SALAMA's holding in SALAMA Cooperative Insurance Co (SALAMA KSA) also contributed to the increase in investment income to AED 12.25m, reflected in the marked to market uplift of AED 2.9 million in its remaining holding.

Importantly, SALAMA has achieved significant growth in net investment income, due to increased invested asset base by 7.26% from AED 1.143 billion to AED 1.226 billion in Q1 2021. The increase demonstrates the progress the company has made in redeploying cash flows into high-quality assets as part of the prudent investment strategy adopted by the Board last year. The strong profitability in Q1 overall enabled the company to significantly reduce its accumulated losses at AED 286.67m, as against AED 308.05m in December 31, 2020.

In the first quarter, SALAMA made significant progress in its digitization efforts, mainly focused on improving the customer journey and experience in both B2C and B2B distribution channels. The company continues to enhance its IT systems and integrate technologies such as AI and machine learning to provide state-of-the-art Takaful solutions to its customers.

Commenting on the first quarter results, **Jassim Alseddiqi, SALAMA's Chairman** said, "SALAMA has made excellent progress in implementing its investment strategy despite the unprecedented challenges posed by the pandemic. The fact that we recorded our strongest first quarter in the last ten years and that the company's investment income and earnings per share increased significantly is testament to the effectiveness of our investment strategy and reinforces confidence in SALAMA's continued growth potential. SALAMA is well positioned to accelerate this growth trajectory and create sustainable, long-term value for our policyholders and shareholders."

Fahim AlShehhi, CEO of SALAMA, said, "Our digital transformation efforts are aimed at improving our bottom line and taking the customer experience to a new level. We are very pleased with how this is unfolding. The strong first quarter results demonstrate the efficacy of our Board's strategy and the company's agility and resilience amid ongoing macroeconomic challenges. I am very confident that we will maintain our momentum and deliver a strong performance, especially as our digitization initiatives come to fruition."

SALAMA stands as the largest sharia'h compliant Takaful operator with 'AAA' level capital adequacy as per S&P. SALAMA remains committed to serving partners and customers while enhancing shareholder returns in 2021 and beyond.



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Press Contact

SALAMA

Sadia Noori
Senior Manager – Marketing
Tel: +971 4 407 9940
Email: sadia.noori@salama.ae

ASDA'A BCW

Dhanya Issac
Associate Director
Tel: +971 4 450 7600
Email: dhanya.issac@bcw-global.com

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 in 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. The company has also been recognized as the 'Takaful Company of the Year-2020' at the Middle East Insurance Industry Awards and most recently as the Takaful Specialist of the Year' at the MENA Insurance Review Awards.

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