

ALLIANCE INSURANCE P.S.C.
Financial Statements
For the year ended 31 December 2025

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Financial statements
For the year ended 31 December 2025

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ALLIANCE INSURANCE P.S.C. Directors' report

Dear Shareholders,

On behalf of the Board of Directors and myself, I am pleased to welcome you to the Annual General Meeting and to present the financial report for the year ended 31 December 2025, together with the financial statements and the external auditor's report for the same fiscal year. This reflects our ongoing commitment to the highest standards of transparency and sound corporate governance.

Global economies continue to face accelerating challenges that have impacted many regions around the world. Nevertheless, the Company's management has been keen to adopt and implement well-considered strategic plans aimed at mitigating the impact of these challenges on the local economy and our operational activities. This has been achieved through the implementation of robust regulatory reforms and the adoption of innovative initiatives that have enhanced efficiency and resilience. These efforts have yielded tangible positive results across the Company's various business sectors.

With regard to the insurance sector, the Company's leadership has continued to strengthen a solid institutional framework based on effective risk management, disciplined underwriting practices, and enhanced service quality, ensuring improved performance and sustainable growth. Despite increasing challenges and intense market competition, Alliance Insurance Company has achieved strong and sustainable profits for fifteen consecutive years, underscoring the resilience of its business model and the efficiency of its management.

Alliance has also maintained its A- (Excellent) rating from A.M. Best for the nineteenth consecutive year, an achievement that reflects the strength of its financial position, its solid capitalization, and its adherence to global best practices in risk management and corporate governance.

This integrated approach, adopted by the Board of Directors, executive management, and all employees of the Company, has formed the foundation for continued profitability and value creation. It has also reinforced the confidence of our clients, partners, and shareholders, while safeguarding their long-term interests and supporting the Company's journey toward further growth and sustainability.

The following is the overall performance summary of the company for the year 2025 compared with the year 2024:

	2025 AED	2024 AED
Cash and cash equivalents/fixed deposits/statutory deposits	469,127,024	465,538,650
Investments at amortised cost	320,713,350	317,758,258
Total assets	1,299,541,372	1,280,927,011
Total equity	573,661,417	564,179,616
Insurance revenue	330,841,326	327,523,269
Insurance service expenses	(172,500,271)	(210,375,611)
Net profit for the year after tax	36,958,002	27,180,428



ALLIANCE INSURANCE P.S.C.

Directors' report (continued)

In light of the results for the financial year ended 31 December 2025, the Board of Directors presents for your consideration the following recommendations:

1. Approval of the Report of the Board of Directors for the year 2025.
2. Approval of the financial statements for the year ended 31 December 2025.
3. Approve the recommendation of the Board as follows:
 - a. AED 3,695,800 transferred to the Regular Reserve as 10% of the net profit after tax for the year 2025.
 - b. AED 1,267,142 transferred to the Reinsurance Reserve as 0.5% of the total reinsurance premiums ceded for the year 2025.
 - c. AED 2,882,969 Director's Remuneration.
4. To discharge the Chairman, Board of Directors and Auditor's from their responsibility for the year ended 31 December 2025.
5. To appoint/reappoint Auditors for the year 2026 and determine their fees.

To the best of our knowledge, the financial information included in the report fairly presents in all material respects the financial condition, financial performance and cash flows of the Company as of, and for, the periods presented therein.

In conclusion, the Board of Directors would like to take this opportunity to extend their sincere appreciation and gratitude to His Highness Sheikh Mohammed bin Zayed Al Nahyan, the President of the United Arab Emirates, His Highness Sheikh Mohamed Bin Rashid Al Maktoum, Vice President and Prime Minister of the UAE and Ruler of Dubai, and their Highnesses, the brothers' Sheikhs, members of the Supreme Council of the Union for their continuous support to economic institutions and national companies.

We also take this opportunity to express our appreciation to our reinsurance partners who continue to support us. We also express our sincere appreciation to our clients for their trust in our company, and to the management and staff of Alliance for their dedication, hard work and loyalty.

Chairman of the Board
Date: 17 February 2026

**Independent Auditor's Report
To the Shareholders of Alliance Insurance P.S.C.
Report on the Audit of the Financial Statements**

Opinion

We have audited the financial statements of Alliance Insurance P.S.C. (the "Company"), which comprise the statement of financial position as at 31 December 2025, and the statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2025, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by International Accounting Standards Board (IASB).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the *International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards)* ("IESBA Code"), together with the ethical requirements that are relevant to our audit of the financial statements in the United Arab Emirates, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



Independent Auditor's Report To the Shareholders of Alliance Insurance P.S.C.

Report on the Audit of the Financial Statements (continued)

Key Audit Matters (continued)

Key Audit Matter	How our Audit Addressed the Key Audit Matter
<p>Valuation of Insurance Contract Liabilities, Reinsurance Contract Assets and Reinsurance Contract Liabilities</p> <p>As at 31 December 2025, the Company's insurance contract liabilities, reinsurance contract assets and reinsurance contract liabilities are valued at AED 706.03 million, AED 207.33 and AED 0.16 million respectively as disclosed in Note 8 to the financial statements.</p> <p>Valuation of insurance contract liabilities, reinsurance contract assets and reinsurance contract liabilities involves significant judgements and estimates, particularly with respect to the eligibility of the measurement models and estimation of the present value of future cash flows.</p> <p>These cash flows primarily include determination of expected premium receipts, expected ultimate cost of claims and allocation of insurance acquisition cash flows which are within the contract boundaries.</p> <p>The calculation for these liabilities includes significant estimation and involvement of actuarial experts in order to ensure appropriateness of methodology, assumptions and data used to determine the estimated future cash flows and the appropriateness of the discount rates used to determine the present value of future cashflows.</p> <p>As a result of all the above factors, we consider valuation of insurance contract liabilities, reinsurance contract assets and reinsurance contract liabilities as a key audit matter.</p>	<p>Valuation of Insurance Contract Liabilities, Reinsurance Contract Assets and Reinsurance Contract Liabilities</p> <p>We performed the following procedures in conjunction with our actuarial specialists:</p> <ul style="list-style-type: none">Understood and evaluated the process, the design and implementation of controls in place to determine valuation of insurance contract liabilities, reinsurance contract assets and reinsurance contract liabilities;Assessed of the competence, capabilities and objectivity of the management's appointed actuary;Tested the completeness, and on sample basis, the accuracy and relevance of data used to determine future cashflows;Evaluated the appropriateness of the methodology, significant assumptions including risk adjustment, PAA eligibility assessment, discount rates and expenses included within the fulfilment cashflows. This included consideration of the reasonableness of assumptions against actual historical experience and the appropriateness of any judgments applied;Independently reperformed the calculation to assess the mathematical accuracy of the insurance contract liabilities, reinsurance contract assets and reinsurance contract liabilities on selected classes of business, particularly focusing on largest and most uncertain reserves;Evaluated and tested the calculation of the allowance for expected credit loss including the data, key assumptions and judgments used; andAssessed the adequacy of disclosures included in the financial statements against the requirements of IFRS Accounting Standards.



Independent Auditor's Report To the Shareholders of Alliance Insurance P.S.C.

Report on the Audit of the Financial Statements (continued)

Key Audit Matters (continued)

Key Audit Matter	How our Audit Addressed the Key Audit Matter
<p>Valuation of Investment Properties</p> <p>Investment properties amounting to AED 257.62 million represented 20% of total assets as at 31 December 2025. Management appointed independent external valuers to determine the fair valuation of investment properties.</p> <p>The valuation of investment properties, as detailed in Note 6, requires significant judgement to be applied and estimates to be made by both management and the independent external valuers. Consequently, we considered this to be a key audit matter.</p>	<p>Our audit procedures, among others, include:</p> <ul style="list-style-type: none">• Obtained an understanding of the process of determining the fair value of the investment properties;• Assessed the competence, capabilities and objectivity of the management appointed independent external valuers;• Reviewed the scope of the engagement between the external valuer and the Company to determine if this was sufficient for audit purposes;• Verified the accuracy, completeness and relevance of the input data used for deriving fair values;• Evaluated the methodology and the appropriateness of key assumptions used in determining the fair value;• Agreed the results of the valuations to the amounts recorded in the financial statements; and• Assessed the adequacy of disclosures included in financial statements against the requirements of IFRS Accounting Standards.

Other Information

The management is responsible for the other information. The other information comprises the information included in the Directors' Report of the Company but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards as issued by International Accounting Standards Board (IASB) and their preparation in compliance with the applicable provisions of the Articles of Association of the Company, UAE Federal Decree Law No. (32) of 2021 (as amended) and Federal Decree Law No. (6) of 2025, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.



Independent Auditor's Report To the Shareholders of Alliance Insurance P.S.C.

Report on the Audit of the Financial Statements (continued)

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Independent Auditor's Report
To the Shareholders of Alliance Insurance P.S.C.

Report on Other Legal and Regulatory Requirements

As required by the UAE Federal Decree Law No. (32) of 2021 (as amended), we report that:

- i) We have obtained all the information we considered necessary for the purposes of our audit;
- ii) The financial statements have been prepared and comply, in all material respects, with the applicable provisions of the UAE Federal Decree Law No. (32) of 2021 (as amended);
- iii) The Company has maintained proper books of account in accordance with established accounting principles;
- iv) The financial information included in the Directors' report is consistent with the books of account of the Company;
- v) The Company has not purchased or invested in any shares during the financial year ended 31 December 2025;
- vi) Note 24 to the financial statements discloses material related party transactions, and balances, and the terms under which they were conducted;
- vii) Note 23 to the financial statements discloses the social contributions made by the Company during the financial year ended 31 December 2025; and
- viii) Based on the information that has been made available to us, nothing has come to our attention which causes us to believe that the Company has contravened during the financial year ended 31 December 2025 any of the applicable provisions of the UAE Federal Decree Law No. (32) of 2021 (as amended) or of its Articles of Association which would materially affect its activities or its financial position as at 31 December 2025.

Further, as required by the Federal Decree Law No. (6) of 2025, we report that we have obtained all the information and explanations we considered necessary for the purpose of our audit.

GRANT THORNTON UAE

Farouk Mohamed
Registration No: 86
Dubai, United Arab Emirates



17 February 2026

Alliance Insurance P.S.C.

Statement of financial position As at 31 December 2025

	Notes	2025 AED	2024 AED
Assets			
Property and equipment	5	4,710,942	4,648,947
Investment properties	6	257,620,000	242,782,500
Investments at amortised cost	7	320,713,350	317,758,258
Investments at fair value through other comprehensive income (FVOCI)	7	12,777,340	7,709,234
Insurance contract assets	8	-	315,463
Reinsurance contract assets	8	207,331,712	213,919,694
Prepayments and other receivables	9	26,999,874	28,199,658
Deferred tax asset		261,130	54,607
Statutory deposits	10	10,000,000	10,000,000
Fixed deposits	11	421,312,749	444,798,873
Cash and cash equivalents	12	37,814,275	10,739,777
Total assets		1,299,541,372	1,280,927,011
Equity and liabilities			
Equity			
Share capital	13	100,000,000	100,000,000
Statutory reserve	14	100,000,000	100,000,000
Regular reserve	14	99,717,378	96,021,578
General reserve	14	180,000,000	230,000,000
Reinsurance reserve	14	6,346,196	5,079,054
Cumulative changes in fair value of FVOCI investments		1,612,252	(2,999,724)
Finance income reserve		50,870,201	52,958,378
Retained earnings / (accumulated losses)		35,115,390	(16,879,670)
Total equity		573,661,417	564,179,616
Liabilities			
Employees' end of service benefits	15	5,603,951	5,884,570
Insurance contract liabilities	8	706,031,965	696,308,473
Reinsurance contract liabilities	8	161,127	180,503
Other payables	16	8,642,721	11,757,098
Income tax payable	31	2,270,156	1,238,221
Deferred tax liability		3,170,035	1,378,530
Total liabilities		725,879,955	716,747,395
Total equity and liabilities		1,299,541,372	1,280,927,011

These financial statements were authorised for issue on 17 February 2026 by the Board of Directors and signed on its behalf by:

Matar Mohamed Alblooshi

Chairman

Rami Al Mughrabi

General Manager

Alliance Insurance P.S.C.

Statement of profit or loss
For the year ended 31 December 2025

	Notes	2025 AED	2024 AED
Insurance revenue	18	330,841,326	327,523,269
Insurance service expense	19	(172,500,271)	(210,375,611)
Insurance service result before reinsurance contracts held		158,341,055	117,147,658
Allocation of reinsurance premiums		(226,077,639)	(211,822,880)
Amounts recoverable from reinsurance for incurred claims		50,281,231	62,385,406
Net expenses from reinsurance contracts held		(175,796,408)	(149,437,473)
Insurance service result		(17,455,353)	(32,289,815)
Insurance finance expense	20	(13,897,646)	(12,637,116)
Reinsurance finance income	20	2,747,588	509,514
Net insurance financial result	20	(11,150,058)	(12,127,602)
Income from financial investments	21	40,924,265	47,818,966
Income from investment properties - net	22	28,836,524	27,121,261
Total investment income		69,760,789	74,940,227
Foreign currency exchange gain		315,347	345,518
Other income		2,903,082	2,268,302
Other operating expenses		(3,799,212)	(3,339,451)
Net profit for the year before tax		40,574,595	29,797,179
Income tax expense - net	31	(3,616,593)	(2,616,751)
Net profit for the year after tax		36,958,002	27,180,428
Basic and diluted earnings per share after tax	17	36.96	27.18

The notes from 1 to 35 form an integral part of these financial statements.

Alliance Insurance P.S.C.

Statement of comprehensive income
For the year ended 31 December 2025

	Notes	2025 AED	2024 AED
Net profit for the year after tax		36,958,002	27,180,428
Other comprehensive income:			
<i>Items that will not be reclassified subsequently to profit or loss:</i>			
Net change in fair value of equity investments designated at FVOCI - net of tax	7	4,611,976	(552,138)
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Insurance and reinsurance finance (expense)/income	20	(2,088,177)	7,310,768
Total other comprehensive income for the year		2,523,799	6,758,630
Total Comprehensive Income for the Year		39,481,801	33,939,058

The notes from 1 to 35 form an integral part of these financial statements.

Alliance Insurance P.S.C.

**Statement of changes in equity
For the year ended 31 December 2025**

	Share capital AED	Statutory reserve AED	Regular reserve AED	General reserve AED	Reinsurance reserve AED	FVOCI investments AED	Cumulative changes in fair value of FVOCI investments AED	Finance income reserve AED	Retained earnings / (losses) AED	Total equity AED
Balance as at 1 January 2024	100,000,000	100,000,000	93,303,535	222,000,000	3,967,092	(2,447,586)	45,647,610	(2,230,093)	560,240,558	
Net profit for the year	-	-	-	-	-	-	-	27,180,428	27,180,428	
Other comprehensive income / (expense) for the year	-	-	-	-	-	(552,138)	7,310,768	-	6,758,630	
Total comprehensive income for the year	-	-	-	-	-	(552,138)	7,310,768	27,180,428	33,939,058	
Transfer to reserves	-	-	2,718,043	8,000,000	1,111,962	-	-	-	(11,830,005)	-
Dividend paid (note 32)	-	-	-	-	-	-	-	(30,000,000)	(30,000,000)	
Balance as at 31 December 2024	100,000,000	100,000,000	96,021,578	230,000,000	5,079,054	(2,999,724)	52,958,378	(16,879,670)	564,179,616	
Balance as at 1 January 2025	100,000,000	100,000,000	96,021,578	230,000,000	5,079,054	(2,999,724)	52,958,378	(16,879,670)	564,179,616	
Net profit for the year after tax	-	-	-	-	-	-	-	36,958,002	36,958,002	
Other comprehensive income / (expense) for the year	-	-	-	-	-	-	4,611,976	(2,088,177)	-	2,523,799
Total comprehensive income for the year	-	-	-	-	-	4,611,976	(2,088,177)	36,958,002	39,481,801	
Transfer to reserves	-	-	3,695,800	(50,000,000)	1,267,142	-	-	45,037,058	-	
Dividend paid (note 32)	-	-	-	-	-	-	-	(30,000,000)	(30,000,000)	
Balance as at 31 December 2025	100,000,000	100,000,000	99,717,378	180,000,000	6,346,196	1,612,252	50,870,201	35,115,390	573,661,417	

The notes from 1 to 35 form an integral part of these financial statements.

Alliance Insurance P.S.C.

Statement of cash flows
For the year ended 31 December 2025

	Notes	2025 AED	2024 AED
Cash flows from operating activities			
Net profit for the year before tax		40,574,595	29,797,179
Adjustments for:			
Depreciation of property and equipment	5	764,272	625,699
Interest income from investments at amortised cost	21	(18,648,295)	(19,559,575)
Amortisation of premiums on investments	7	(1,120,092)	1,379,816
Interest income from fixed deposits	21	(20,076,410)	(25,748,755)
Provision for bad debts	22	324,755	973,955
Interest income from loans guaranteed by life insurance policies	21	(1,557,126)	(2,064,502)
Change in fair value of investment properties	6	(14,837,500)	(15,317,000)
Income from investment properties	22	(13,999,024)	(11,804,261)
Change in insurance finance income	20	(2,294,700)	7,310,768
Provision for employees' end of service indemnity	15	682,184	1,020,286
Income from investments carried at FVOCI	21	(642,434)	(446,134)
Operating cash flows before changes in working capital		(30,829,775)	(33,832,524)
Changes in working capital:			
Insurance contract assets		315,463	31,263
Reinsurance contract assets		6,587,982	17,327,509
Prepayments and other receivables		(1,343,827)	1,955,883
Insurance contract liabilities		9,723,492	(38,902,319)
Reinsurance contract liabilities		(19,376)	163,419
Other payables		(2,806,533)	(6,013,523)
Cash used in operations			
Employees' end of service indemnity paid	15	(18,372,574)	(59,270,292)
Net cash used in operating activities		(962,803)	(1,109,656)
		(19,335,377)	(60,379,948)
Cash flows from investing activities			
Purchase of property and equipment	5	(826,267)	(1,067,963)
Income received on fixed deposits		22,142,138	26,862,349
Purchase of investments at amortised cost	7	(144,965,000)	(59,293,679)
Maturity of financial investments at amortised cost	7	143,130,000	69,087,684
Income received from investments at amortised cost		20,384,848	19,966,941
Fixed deposits encashed during the year		21,420,396	23,410,830
Income received from investment properties		14,481,326	6,897,066
Income from investments carried at FVOCI	21	642,434	446,134
Net cash generated from investing activities		76,409,875	86,309,362
Cash flows from financing activity			
Dividends paid to shareholders	32	(30,000,000)	(30,000,000)
Net cash used in financing activity		(30,000,000)	(30,000,000)
Net change in cash and cash equivalents			
Cash and cash equivalents at beginning of the year		27,074,498	(4,070,586)
Cash and cash equivalents at end of the year	12	10,739,777	14,810,363
		37,814,275	10,739,777

The notes from 1 to 35 form an integral part of these financial statements.

Alliance Insurance P.S.C.

Notes to the financial statements For the year ended 31 December 2025

1 Legal status and activities

Alliance Insurance P.S.C. (the “Company”) is a Public Shareholding Company which was originally established in Dubai on 1 July 1975 as a limited liability company under the name of Credit and Commerce Insurance Company. The Company was subsequently incorporated in Dubai on 6 January 1982 as a limited liability company under an Emiri Decree. The Company was converted to a Public Shareholding Company (P.S.C.) in January 1995, in accordance with the UAE Federal Commercial Companies Law No. (8) of 1984 (as amended). The Company’s shares are listed on the Dubai Financial Market. The registered address of the Company is Warba Centre, P.O. Box 5501, Dubai, United Arab Emirates.

The licensed activities of the Company are issuing short term and long-term insurance contracts. The insurance contracts are issued in connection with property, motor, aviation and marine risks (collectively known as general insurance) and individual life (participating and non-participating), group life, personal accident and medical.

These financial statements have been prepared in accordance with the requirements of the applicable laws and regulations, including UAE Federal Decree Law No. (32) of 2021 (as amended).

During the year, Federal Decree Law No. (6) of 2025 (“CBUAE Law”) was issued, effective 16 September 2025, repealing Federal Decree Law No. (48) of 2023. Pursuant to Article 184 of CBUAE Law, the Company has a period of one year from the effective date to align its operations and governance framework with the requirements of the new legislation. The Company is currently evaluating the impact of the CBUAE Law and will implement any necessary changes within the permitted transition period.

2 Application of new and revised International Financial Reporting Standards (“IFRS”)

New and revised IFRSs and interpretations applied on the financial statements

The following relevant standards, interpretations and amendments to existing standards were issued by the IASB:

Standard number	Title	Effective date
IAS 21	Amendments to IAS 21 Lack of Exchangeability Sale or Contribution of Assets between an Investor and its Associate or Joint Venture.	1 January 2025

These standards did not have a material impact on these financial statements.

Standards issued but not yet effective

The impact of the new standards, interpretations and amendments that are issued, but not yet effective, up to the date of issuance of the Company’s financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective.

Standard number	Title	Effective date
IFRS 9 & IFRS 7	Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures regarding the classification and measurement of financial instruments	1 January 2026
IFRS 18	Presentation and Disclosure in Financial Statements	1 January 2027
IFRS 19	Subsidiaries without Public Accountability: Disclosures	1 January 2027

Alliance Insurance P.S.C.

Notes to the financial statements For the year ended 31 December 2025

3 Statement of compliance with IFRS

These financial statements are for the year ended 31 December 2025 and are presented in United Arab Emirates Dirham (AED), which is also the functional currency of the Company. The financial statements have been prepared in accordance with IFRS Accounting Standards promulgated by International Accounting Standard Board (IASB) and interpretations thereof issued by the IFRS Interpretations Committee ("IFRS IC") and in compliance with the applicable requirements of the United Arab Emirates (U.A.E.) Federal Decree Law No. (32) of 2021 (as amended) ("Companies Law"), relating to commercial companies and United Arab Emirates (UAE) Federal Decree Law No. (6) of 2025.

Basis of preparation

These financial statements have been prepared on the historical cost basis, except for investment properties and financial assets carried at fair value through other comprehensive income which are carried at fair value and the provision for employees' end of service indemnity which is measured in accordance with U.A.E labor laws.

The Company's statement of financial position is not presented using a current / non-current classification. However, the following balances would generally be classified as current: Cash and cash equivalents, prepayments and other receivables, other payables and income tax payable. The following balances would generally be classified as non-current: property and equipment, investment properties, investments at fair value through other comprehensive income, statutory deposits and provision for employees' end of service indemnity. The following balances are of mixed nature (including both current and non-current portions): investments at amortised cost, reinsurance contract assets and liabilities, insurance contract assets and liabilities, bank balances, deferred tax asset and liability and fixed deposits.

4 Material accounting policy information

Insurance Contracts

IFRS 17 establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts, reinsurance contracts and investment contracts with discretionary participation features. It contains a model that measures groups of contracts based on the Company's estimates of the present value of future cash flows that are expected to arise as the Company fulfils the contracts, an explicit risk adjustment for non-financial risk and a contractual service margin.

The Company applies the premium allocation approach (PAA) to simplify the measurement of contracts of the short-term business.

Recognition

Recognition requirements are slightly different for issued contracts and held contracts. For groups of issued contracts, a group should be recognised at the earliest of the following:

- Beginning of the coverage period.
- Date when the first payment from a policyholder becomes due; and
- For a group of onerous contracts, when the group becomes onerous.

Reinsurance contracts held by an entity are recognised on the earlier of:

- Beginning of the coverage period of the group of reinsurance contracts held; and
- Date the entity recognises an onerous group of underlying insurance contracts provided the reinsurance contract was in force on or before that date.

Regardless of the first point above, the recognition of proportional reinsurance contracts held shall be delayed until the recognition of the first underlying contract issued under that reinsurance contract.

Alliance Insurance P.S.C.

Notes to the financial statements For the year ended 31 December 2025

4 Material accounting policy information (continued)

Insurance Contracts (continued)

Level of Aggregation

Level of aggregation relates to the unit of account, which is referred to as a 'Group of Contracts' (GoCs), and requirements relating to level of aggregation define how groups of contracts have to be determined.

The standard has set out the following requirements to determine a group of contracts:

- Portfolio – contracts that have similar risks and that are managed together can be grouped.
- Profitability – contracts with similar expected profitability (at inception or initial recognition) can be grouped.

For this purpose, the standard has mandated at least the following three classifications however it is permitted to use more granular classifications:

- Contracts that are onerous at inception.
- Contracts that are not onerous and have no significant possibility of becoming onerous; and
- All other contracts

Cohorts

Contracts issued more than 12 months apart cannot be grouped together.

Measurement Models

Measurement model, in rudimentary terms, refers to the basis or a set of methodologies for the computation of insurance contract assets and liabilities and associated revenues and expenses. IFRS 17 has provided the following three measurement models:

Premium Allocation Approach ("PAA")

PAA is an optional simplification that an entity can apply to contracts that have a coverage period of up to 12 months or to contracts for which it can demonstrate that the liability for remaining coverage will not be materially different under PAA and GMM. In terms of computations, the major simplification relates to liability for remaining coverage (LRC).

The components of liability under PAA as at any valuation date can be summarised as follows:

Liability for Remaining Coverage ("LRC")

- Excluding Loss Component
- Loss Component, if any

Liability for Incurred Claims ("LIC")

- Estimates of future cashflows
- Risk adjustment
- Discounting of estimates of future cashflows

All of the Company's short-term business is eligible for this simplification and the Company has adopted this simplification for the eligible business. Under PAA, loss component and claim reserves require an explicit provision of risk adjustment this would increase the liabilities whereas discounting will generally decrease the liabilities. The net effect of PAA depends on whether the impact of risk adjustment is greater than the impact of discounting and the impact deferring additional expenses that are currently not deferred.

General Measurement Model ("GMM")

GMM is the default measurement model and is applied to all contracts to which Premium Allocation Approach ("PAA") and Variable Fees Approach ("VFA") are not applied. GMM is based on the premise that premiums (or considerations) for insurance contracts comprises of certain components (such as claims, expenses and embedded profits) and that each component needs to be considered according to its nature.

Alliance Insurance P.S.C.

Notes to the financial statements For the year ended 31 December 2025

4 Material accounting policy information (continued)

Insurance Contracts (continued)

Measurement Models (continued)

General Measurement Model (“GMM”) (continued)

The liability under GMM as at any valuation date comprises of the following:

Liability for Remaining Coverage (“LRC”)

- Estimates of future cashflows
- Risk adjustment
- Discounting of estimates of future cashflows
- Contractual Service Margin (“CSM”)

Liability for Incurred Claims (“LIC”)

- Estimates of future cashflows
- Risk adjustment
- Discounting of estimates of future cashflows

Variable Fees Approach (“VFA”)

VFA is a mandatory modification to contracts with direct participation features. A contract is a contract with direct participation feature if it meets all three of the following requirements:

- Contractual terms specify that the policyholder participates in a share of a clearly identified pool of underlying items.
- The entity expects to pay to the policyholder an amount equal to a substantial share of the fair value returns on the underlying items.
- The entity expects a substantial proportion of any change in the amounts to be paid to the policyholder to vary with the change in the fair value of the underlying items.

The components of the liability under VFA are same as GMM and their calculations are quite similar too except for the computation of CSM. Under VFA, CSM calculations reflect the variability related to underlying items, but GMM does not reflect this variability. Similarly, there are some other aspects related to financial risk that impact the CSM under VFA but not under GMM.

Above, the measurement models have been discussed in terms of insurance contract issued and associated liabilities, but same principles are applicable to reinsurance contract held and associated assets (except for VFA). Similarly, both LRC and LIC components are mentioned however, at initial recognition, only LRC will be applicable.

Estimates of future cashflows, risk adjustment and discounting are collectively referred to as the Fulfilment Cashflows (“FCF”). In terms of revenues and expense, GMM and VFA are quite similar however, a significant difference exists between GMM/VFA and PAA. The revenues under GMM and VFA show each component of the premium separately (such as expected claims and expenses) whereas under PAA, the revenue shows just an aggregate amount.

Company's long-term individual life business is being measured using GMM except for unit-linked business which is measured using VFA. There are fundamental differences between GMM / VFA for the long-term business. The key differences are discussed below:

- Under IFRS 17 assets or liabilities will be determined using gross premium calculations as opposed to risk premium calculations. This implies that under IFRS 17 all components of assets or liabilities such as expenses or profits will be computed explicitly. This also implies that expenses or costs that occur only at the start will be deferred implicitly. The impact of this difference cannot be generalised as it depends on whether the implicit margins within risk-premium based calculations are higher or lower than those required in gross-premium based calculations.

Alliance Insurance P.S.C.

Notes to the financial statements For the year ended 31 December 2025

4 Material accounting policy information (continued)

Insurance Contracts (continued)

Measurement Models (continued)

Variable Fees Approach ("VFA") (continued)

- Similar to PAA, GMM and VFA also require an explicit risk adjustment. Risk adjustment increases the liabilities for insurance contracts issued and increases the asset for the reinsurance contracts held.
- IFRS 17 includes provisions relating to the pattern in which profits are recognised for long-term contracts, it requires that the profits to be recognised in relation to the service provided. Under IFRS 17, 'coverage units' are used to quantify the services provided in any period. Given that single premium contracts recognise all expected profits at the start of the coverage whereas services are provided throughout that coverage period, it is expected that under IFRS 17 profit recognition for single premium contracts will be delayed and therefore the net liabilities will increase because of this requirement. Similarly, for limited-payment plans, all expected profits are recognised by the end of the payment term and therefore the profits for these will also be relatively delayed in IFRS 17. The impact for regular payment plans will depend on how close the service pattern is to the one currently implied under the plans.
- The definition of revenue under GMM and VFA is quite different for long-term contracts. Under IFRS 17 revenue (or consideration) separately includes each component of the premium (i.e., expected claims and expenses and the portion of the profits relating to the period). The revenue also excludes both loss and investment components.

Estimates of Future Cashflows

The standard requires that future cashflows should be estimated till the end of the contract boundary. End of contract boundary is defined as the point at which an entity can either reassess the risk or consideration i.e., premium. The standard does not provide the methodology for the estimation of future cashflows however, it does provide detailed guidance on the cashflows that are within and beyond the contract boundary. It also provides certain principles in relation to the estimates of future cashflows.

Risk Adjustment

Risk adjustment reflects the compensation that an entity requires for bearing the uncertainty about the amount and timing of the cashflows that arises from non-financial risk. Risk adjustment does not consider financial risk. The standard does not set out the methodology for the computation of risk adjustment, but it has provided certain principles.

Discounting

The standard requires the estimates of future cashflows should be discounted to reflect the effect of time value of money and financial risks. Similar to other provisions it does not specify a methodology for discounting or the derivation of discount rates, however, it sets out certain principles. The standard does recognise the following two approaches for the derivation of the discount rates:

- Bottom-Up: An approach where a risk-free rate or yield curve is used, and an illiquidity premium is added to reflect the characteristics of the cashflows.
- Top-Down: An approach where the expected yield on a reference portfolio is used and adjustments are applied to reflect the differences between the liability cashflow characteristics and the characteristics of the reference portfolio.

For cashflows that are linked to the underlying items for contracts with direct participation features, the discount rates must be consistent with other estimates used to measure insurance contracts. The above two approaches may have to be adjusted to reflect the variability in the underlying items for such cashflows.

Alliance Insurance P.S.C.

Notes to the financial statements For the year ended 31 December 2025

4 Material accounting policy information (continued)

Insurance Contracts (continued)

Contractual Service Margin (“CSM”)

Contractual Service Margin (CSM) represents the unearned profit the entity will recognise as it provides insurance contract services in the future. At initial recognition CSM is computed using the FCF whereas at subsequent measurement CSM is computed using the opening CSM balance and various adjustments relating to the period. A portion of CSM is released to Profit & Loss as revenue in every period using coverage units.

Onerous Contracts and Loss Components

When a group of contracts, whether at initial recognition or subsequently, is or becomes onerous a loss component liability must be maintained. Under GMM and VFA this liability is implicitly included in the FCFs for LRC but for PAA an explicit loss component over the base LRC must be computed and set aside.

Assumptions

While requirements relating to assumptions are within the requirements relating to measurement models, some aspects of the assumptions have been presented separately in this section due to their significance. IFRS 17 sets out detailed guidance on the basis to derive the assumptions (underlying the calculations of insurance and reinsurance contract assets and liabilities and associated revenues and expenses). The key assumptions are provided below:

- IFRS 17 requires separate estimation of a best estimate liability and an explicit risk adjustment.
- Financial variables (such as discount rates) have to be market consistent.

Insurance revenue

The insurance revenue under PAA for the year is the amount of expected premium receipts (excluding any investment component) allocated to the year. The Company allocates the expected premium receipts to each year of coverage on the basis of the passage of time; but if the expected pattern of release of risk during the coverage year differs significantly from the passage of time, then on the basis of the expected timing of incurred claims.

For the years presented, all revenue for contracts under PAA has been recognised on the basis of the passage of time except for a small segment of the non-life business where the revenue has been recognised based on the expected timing of incurred claims.

The insurance revenue under GMM and VFA has multiple components, these are explained below:

- Expected benefits incurred and other service expenses – this is an estimate of the claims and service expenses that were expected to be incurred during the reporting period. This estimation is made as at the start of the reporting period or at inception of the contracts for contracts issued during the reporting period.
- Change in risk adjustment – this is the movement in the risk adjustment on the liabilities for remaining coverage during the reporting period.
- CSM Recognised – this is the amount of CSM that is released as insurance revenue after applying the coverage units for the reporting period.
- Recovery of Acquisition Cashflows – this reflects the amount of total acquisitions cashflows that have been allocated to the current reporting period. The same amount is reflected in the insurance service expenses.
- Premium (and Related) Experience Adjustments – this reflects the experience adjustments on premiums and related cashflows that have been allocated to past or current service.

The insurance revenue under GMM and VFA excludes the loss component and the investment component.

Alliance Insurance P.S.C.

Notes to the financial statements For the year ended 31 December 2025

4 Material accounting policy information (continued)

Insurance Contracts (continued)

Insurance finance income and expense

Insurance finance income or expenses comprise the change in the carrying amount of the group of insurance contracts arising from:

- The effect of the time value of money and changes in the time value of money; and
- The effect of financial risk and changes in financial risk.

The Company disaggregates its insurance finance income or expenses between profit or loss and OCI. The Standard provides an ‘interest accretion – OCI option’ which allows split of discount rate movement between OCI and profit and loss in order to curtail unnecessary impact of market interest rate movements on its financial performance.

Net income or expense from reinsurance contracts held

The Company presents separately on the face of the statement of profit or loss, the amounts expected to be recovered from reinsurers, and an allocation of the reinsurance premiums paid. The Company treats reinsurance cash flows that are contingent on claims on the underlying contracts as part of the claims that are expected to be reimbursed under the reinsurance contract held, and excludes investment components and commissions (to the extent commissions are contingent on claims) from an allocation of reinsurance premiums presented on the face of the statement of profit or loss.

Presentation and Disclosures

IFRS 17 contains comprehensive requirements related to presentation and disclosures. One of the key requirements is the presentation of revenue. For contracts under GMM and VFA, premiums are not presented as revenues instead, each component of the premium (such as expected claims and expenses) is shown separately. Another key requirement relates to the presentation of reinsurance contracts held. Under IFRS 17 amounts related to insurance contracts issued will be reported and net effect of reinsurance contracts held will be reported separately.

Property and equipment

Land is not depreciated and is stated at cost. Capital work in progress is stated at cost, less any identified impairment loss. Depreciation of these assets, on the same basis as other property and equipment, commences when the assets are ready for their intended use. Other property and equipment are stated at cost less accumulated depreciation and any identified impairment losses.

Depreciation is charged so as to write off the cost of assets, other than capital work in progress and land, over their estimated useful lives, using the straight line method. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the statement of profit or loss.

The useful lives considered in the calculation of depreciation for the assets are 4 years except for building which has a useful life of 10 years.

Investment properties

Investment properties are properties are held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, used in providing services or for administrative purposes. Investment properties are measured at cost on initial recognition and subsequently at fair value with any change therein recognised in the statement of profit or loss. The Company determines fair value on the basis of valuations provided by two independent valuers who hold a recognised and relevant professional qualification and have recent experience in the location and category of the investment properties being valued.

Alliance Insurance P.S.C.

Notes to the financial statements For the year ended 31 December 2025

4 Material accounting policy information (continued)

Investment properties (continued)

Investment properties are derecognised when either they have been disposed of or when the investment properties are permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment properties are recognised in the statement of profit or loss in the period of retirement or disposal.

Transfers are made to/or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Company accounts for such property in accordance with the policy stated under property and equipment up to the date of change in use.

Impairment of non-financial assets

At the end of each reporting period, the Company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount.

An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in statement of profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Financial instruments

The Company initially recognises financial instruments on the date at which they are originated. All other financial assets and liabilities (including assets and liabilities designated at fair value through profit or loss) are initially recognised on the trade date at which the Company becomes party to the contractual provision of the instrument.

A financial asset or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue.

At inception, a financial asset is classified as measured at amortised cost or fair value.

A financial asset qualifies for amortised cost measurement only if it meets both of the following two conditions:

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cashflows; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

If a financial asset does not meet both of these conditions, then it is measured at fair value.

Alliance Insurance P.S.C.

Notes to the financial statements For the year ended 31 December 2025

4 Material accounting policy information (continued)

Financial instruments (continued)

The Company makes an assessment of a business model at portfolio level as this reflects the best way the business is managed, and information is provided to the management.

In making an assessment of whether an asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows, the Company considers:

- management's stated policies and objectives for the portfolio and the operation of those policies in practice;
- how management evaluates the performance of the portfolio;
- whether management's strategy focuses on earning contractual interest revenue;
- the degree of frequency of any expected asset sales;
- the reason of any asset sales; and
- whether assets that are sold are held for an extended period of time relative to their contractual maturity or are sold shortly after acquisition or an extended time before maturity.

Financial assets measured at amortised cost

Financial assets including cash and cash equivalents, fixed deposits/statutory deposits, and investments at amortised cost are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these are measured at amortised cost using the effective interest method.

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Equity instruments at FVOCI

Ordinary shares of the Company are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity. An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Investments in equity instruments at FVOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the cumulative changes in fair value reserve. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the investments in equity instruments/funds but reclassified to retained earnings.

Dividends on these investments in equity instruments are recognised in profit or loss when the Company's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

Debt instruments at amortised cost

At initial recognition of a financial asset, the Company determines whether newly recognised financial assets are part of an existing business model or whether they reflect the commencement of a new business model. The Company reassess its business models each reporting period to determine whether the business models have changed since the preceding period. For the current and prior reporting period, the Company has not identified a change in its business models.

Debt instruments that are held within a business model whose objective is to collect contractual cash flows and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding ("SPPI") are subsequently measured at amortised cost.

The amortised cost of financial asset is the amount at which the financial asset is measured at the initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance. Debt instruments that are subsequently measured at amortised cost are subject to impairment.

Alliance Insurance P.S.C.

Notes to the financial statements For the year ended 31 December 2025

4 Material accounting policy information (continued)

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, balances with the banks and fixed deposits with original maturities of three months or less from the acquisition date that are subject to insignificant risk of changes in their fair value and are used by the Company in the management of short-term commitments. Cash and cash equivalents are carried at amortised cost in the statement of financial position.

Fixed deposits

Fixed deposits are deposits held with banks with original maturities of more than three months, which are initially measured at fair value and subsequently measured at amortised cost. Fixed deposits are within the scope of IFRS 9 expected credit loss calculation for the assessment of impairment.

Provision for credit loss

The Company recognises a loss for credit losses on investments in debt instruments that are measured at amortised cost, fixed deposits and bank balances. The amount of credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

ECLs (expected credit losses) are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive).

The Company measures loss allowances on its insurance receivables at an amount equal to lifetime ECL, except for the following, for which they are measured as 12-month ECL:

- Debt investment securities that are determined to have low credit risk at the reporting date; and
- Other financial instruments on which credit risk has not increased significantly since their initial recognition.

The Company considers a debt security to have low credit risk when their credit risk rating is equivalent to the globally understood definition of 'investment grade'. The Company utilises the general approach to calculate ECL against its fixed deposits with banks and for its investments in debt securities which is dependent on the rating of the banks and bonds as determined by an external credit rating agency. 12-month ECL are the portion of ECL that result from default events on a financial instrument that are possible within the 12 months after the reporting date. Lifetime ECLs are ECLs that result from all possible default events over the expected life of a financial instrument.

The key inputs into the measurement of ECL are the term structure of the following variables:

- Probability of default ("PD");
- Loss given default ("LGD");
- Exposure at default ("EAD").

These parameters are generally derived from internally developed statistical models and other historical data. They are adjusted to reflect forward-looking information.

Presentation of allowance for credit loss in the statement of financial position

Loss allowances for credit loss are presented in the statement of financial position as follows: Financial assets measured at amortised cost: as a deduction from the gross carrying amount of the assets.

Write-off

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For individual customers, the Company has a policy of writing off the gross carrying amount when the financial asset is irrecoverable. For corporate customers, the Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery.

The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

Alliance Insurance P.S.C.

Notes to the financial statements For the year ended 31 December 2025

4 Material accounting policy information (continued)

Fair value of financial instruments

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations, without any deduction for transaction costs. For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include:

- Using recent arm's length market transactions;
- Reference to the current fair value of another instrument that is substantially the same A discounted cash flow analysis or other valuation models.

Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default;
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Financial liabilities

Other payables are classified as 'other financial liabilities' and are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis except for short term payable when the recognition of interest would be immaterial.

De-recognition of financial instruments

The Company derecognises a financial asset when the contractual right to the cash flows from the financial asset expire, or when it transfers the financial asset in a transaction in which substantially all the risk and rewards of the ownership are transferred or in which the Company neither transfers nor retains substantially all the risks and rewards of ownership and it does not retain control on the financial asset. Any interest in transferred financial assets that qualify for derecognition that is carried or retained by the Company is recognised as separate asset or liability in the statement of financial position. On derecognition of financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset transferred), and consideration received (including any new asset obtained less any new liability assumed) is recognised in statement of profit or loss.

The Company enters into transactions whereby it transfers assets recognised on its statement of financial position but retains either all or substantially all of the risks and rewards of the financial assets or a portion of them. If all or substantially all risks and rewards are retained, then the transferred assets are not derecognised.

In transactions in which the Company neither retains nor transfers substantially all the risks and rewards of ownership of a financial asset and it retains control over the asset, the Company continues to recognise the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset.

In certain transactions the Company retains the obligation to service the transferred financial asset for a fee. The transferred asset is derecognised if it meets the derecognition criteria. An asset or liability is recognised for the servicing contract, depending on whether the servicing fee is more than adequate (asset) or is less than adequate (liability) for performing the services.

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

Alliance Insurance P.S.C.

Notes to the financial statements For the year ended 31 December 2025

4 Material accounting policy information (continued)

Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Company's financial statements in the period in which the dividend is approved by the Company's shareholders.

Offsetting

Financial assets and liabilities are offset, and the net amount is reported in the statement of financial position when, and only when, the Company has a legally enforceable right to offset the recognised amounts audit intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted under IFRSs, or of gains and losses arising from a group of similar transactions such as in the Company's trading activity.

Leasing

The Company as lessee

For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed as the leases are for short term (defined as leases with a lease term of 12 months or less).

Employee benefits

Annual leave and leave passage

An accrual is made for the estimated liability for employees' entitlement to annual leave and leave passage as a result of services rendered by eligible employees up to the end of the year.

Provision for employees' end of service indemnity

Provision is made for the full amount of end of service benefits due to non-UAE national employees in accordance with the U.A.E Labour Law and is based on current remuneration and their period of service at the end of the reporting period.

Defined contribution plan

UAE national employees of the Company are members of the Government-managed retirement pension and social security benefit scheme pursuant to UAE Labour Law No. 7 of 1999. The Company is required to contribute 12.5% of the "contribution calculation salary" of payroll costs to the retirement benefit scheme to fund the benefits. The employees and the Government contribute 5% and 2.5% of the "contribution calculation salary" respectively, to the scheme. The only obligation of the Company with respect to the retirement pension and social security scheme is to make the specified contributions. The contributions are charged to statement of profit or loss.

Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received, and the amount of the receivable can be measured reliably.

Alliance Insurance P.S.C.

Notes to the financial statements For the year ended 31 December 2025

4 Material accounting policy information (continued)

Revenue (other than insurance revenue)

Fee and commission income

Fee and commissions received or receivable which do not require the Company to render further service are recognised as revenue by the Company on the effective commencement or renewal dates of the related policies.

Dividend income

Dividend income is recognised when the Company's right to receive the payment has been established.

Interest income

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Rental income

Rental income from investment properties which are leased under operating leases are recognised on a straight-line basis over the term of the relevant lease.

General and administrative expenses

Activity-based expense allocation is utilised to allocate expenses to departments and GoCs. Other administration expenses are charged to profit or loss as unallocated general and administrative expenses.

Foreign currencies

The financial statements of the Company are presented in the currency of the primary economic environment in which the Company operates (its functional currency). For the purpose of the financial statements, the results and financial position of the Company are expressed in Arab Emirates Dirhams ("AED"), which is the functional currency of the Company and the presentation currency for the financial statements.

In preparing the financial statements of the Company, transactions in currencies other than the Company's functional currency (foreign currencies) are recorded at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in statement of profit or loss in the year in which they arise.

Taxation

Income tax comprises current and deferred tax. Income tax is recognised in the profit and loss account except to the extent that relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current

Provision for current taxation is based on taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year, if enacted. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments finalised during the current year for such years.

Alliance Insurance P.S.C.

Notes to the financial statements For the year ended 31 December 2025

4 Material accounting policy information (continued)

Deferred taxation

Deferred taxation is accounted for using the statement of financial position liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of the taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilised.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse based on tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax is charged or credited in the profit and loss account, except in the case of items credited or charged to statement of comprehensive income in which case it is included in statement of comprehensive income.

Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described above in these financial statements, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future period if the revision affects both current and future periods. The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Insurance and reinsurance contracts

The Company applies the Premium Allocation Approach ("PAA") to simplify the measurement of insurance contracts. When measuring liabilities for incurred claims, the Company discounts cash flows that are expected to occur more than one year after the date on which the claims are incurred and includes an explicit risk adjustment for non-financial risk.

Liability for remaining coverage

For insurance acquisition cashflows, the Company is eligible and chooses to recognise the payment as an expense immediately (coverage period of a year or less) for all acquisition cashflows except for commission expense which is capitalised.

The Company includes insurance acquisition cash flows in the measurement of a group of insurance contracts if they are directly attributable to either the individual contracts in a group, the group itself or the portfolio of insurance contracts to which the group belongs. The Company estimates, at a portfolio level, insurance acquisition cash flows not directly attributable to the group but directly attributable to the portfolio. The Company then allocates them to the group of newly written and renewed contracts on a systematic and rational basis.

Liability for incurred claims

The ultimate cost of claims reserves is estimated by using a range of standard actuarial claims projection techniques, such as Chain Ladder and Expected Loss Ratio methods.

The main assumption underlying these techniques is that a Company's past claims development experience can be used to project future claims development and hence ultimate claims costs. These methods extrapolate the development of paid and incurred losses, average costs per claim (including claims handling costs), and claim numbers based on the observed development of earlier years and expected loss ratios. Historical claims development is mainly analysed by accident years, but can also be further analysed by geographical area, as well as by significant business lines and claim types. Large claims are usually separately addressed, either by being reserved at the face value of loss adjuster estimates or separately projected in order to reflect their future development. In most cases, no explicit assumptions are made regarding future rates of claims inflation or loss ratios. Instead, the assumptions used are those implicit in the historical claims development data on which the projections are based.

Alliance Insurance P.S.C.

Notes to the financial statements For the year ended 31 December 2025

4 Material accounting policy information (continued)

Critical accounting judgements and key sources of estimation uncertainty (continued)

Insurance and reinsurance contracts (continued)

Liability for incurred claims (continued)

Additional qualitative judgement is used to assess the extent to which past trends may not apply in future, (e.g., to reflect one-off occurrences, changes in external or market factors such as public attitudes to claiming, economic conditions, levels of claims inflation, judicial decisions and legislation, as well as internal factors such as portfolio mix, policy features and claims handling procedures) in order to arrive at the estimated ultimate cost of claims that present the probability weighted expected value outcome from the range of possible outcomes, taking account of all the uncertainties involved.

Other key circumstances affecting the reliability of assumptions include variation in interest rates, delays in settlement and changes in foreign currency exchange rates.

Discount rates

Insurance contract liabilities (except for unit-linked products) are calculated by discounting expected future cash flows at a risk-free rate, plus an illiquidity premium where applicable. Risk free rates are determined using the USD risk-free yield curves and adjusting them using the Central Bank of UAE EIBOR. The illiquidity premium is determined by reference to observable volatility.

Insurance contract liabilities for unit-linked products are calculated by discounting expected future cash flows using rates derived from investment returns. These returns are calculated from the price of units for each fund and weighted averaged to arrive at portfolio return, as the funds' values incorporate movement of new investments and redemptions from the fund along with movements of capital gains and other incomes.

Discount rates applied for discounting of future cash flows are listed below:

Current Rates Applicable as at 31 December 2025 - Spot Rates	1	5	10	20	30
	Year	Years	Years	Years	Years
Property and Casualty, Medical and Group Life Products	3.61%	3.65%	4.02%	4.47%	4.41%
With-Profits Individual Life Products (Including Associated Riders and Individual Life Reinsurance Treaty)	3.80%	3.83%	4.21%	4.65%	4.60%
Pure Protection Individual Life Products (Including Associated Riders)	3.98%	4.02%	4.39%	4.84%	4.78%
All Unit-Linked Products (Including Associated Riders)	2.50%	2.50%	2.50%	2.50%	2.50%

Current Rates Applicable as at 31 December 2024 - Spot Rates	1	5	10	20	30
	Year	Years	Years	Years	Years
Property and Casualty, Medical and Group Life Products	4.35%	4.19%	4.24%	4.28%	4.01%
With-Profits Individual Life Products (Including Associated Riders and Individual Life Reinsurance Treaty)	4.54%	4.37%	4.42%	4.46%	4.19%
Pure Protection Individual Life Products (Including Associated Riders)	4.72%	4.56%	4.61%	4.65%	4.38%
All Unit-Linked Products (Including Associated Riders)	3.00%	3.00%	3.00%	3.00%	3.00%

Yield curve used for valuation had annual steps (i.e., the rate varied for each year) however, the rates presented above are at broader steps.

Risk adjustment for non-financial risk

The Company uses the Mack method to estimate reserve variability and determines its risk adjustment for non-financial risk using a Value at Risk (VaR) approach. The method uses incurred claims data to estimate the mean and variance of claims, capturing the uncertainty in the amount and timing of the cash flows that arise from non-financial risk.

Alliance Insurance P.S.C.

Notes to the financial statements For the year ended 31 December 2025

4 Material accounting policy information (continued)

Critical accounting judgements and key sources of estimation uncertainty (continued)

Insurance and reinsurance contracts (continued)

Risk adjustment for non-financial risk (continued)

The risk adjustment for non-financial risk is the compensation that the Company requires for bearing the uncertainty about the amount and timing of the cash flows of groups of insurance contracts. The risk adjustment reflects an amount that an insurer would rationally pay to remove the uncertainty that future cash flows will exceed the expected value amount.

The Company has estimated the risk adjustment for the individual life business using a cost of capital approach whereby the resulting risk adjustment is equivalent to 90th percentile. Whereas for business other than individual life the Company has used a factor-based approach, deriving the factors from the regulatory solvency capital model. These factors have been assumed to correspond to 99th percentile.

Classification of investments

Management decides on acquisition of an investment whether it should be classified as FVOCI, or Investments at amortised cost.

Equity instruments are classified as FVOCI securities when they are considered by management to be strategic equity investments that are not held to benefit from changes in their fair value and are not held for trading.

Management is satisfied that the Company's investments in securities are appropriately classified.

Business model assessment

Classification and measurement of financial assets depends on the results of the SPPI and the business model test. The Company determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated.

The Company monitors financial assets measured at amortised cost or fair value through other comprehensive income that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Company's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets. No such changes were required during the years presented.

Significant increase in credit risk

ECL are measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime ECL assets for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. IFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased, the Company takes into account qualitative and quantitative reasonable and supportable forward looking information.

Going concern

Management has made an assessment of the Company's ability to continue as a going concern and is satisfied that the Company has the resources to continue in business for the foreseeable future. Furthermore, the management is not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue a going concern. Therefore, the financial statements are prepared on a going concern basis.

Alliance Insurance P.S.C.

Notes to the financial statements
For the year ended 31 December 2025

4 Material accounting policy information (continued)

Critical accounting judgements and key sources of estimation uncertainty (continued)

Valuation of investment properties

The fair value of investment properties was determined by external independent property valuers, having appropriate recognised professional qualifications and recent experience in the location and category of the properties being valued. The independent valuers provide the fair value of the Company's investment properties portfolio annually.

Depreciation of property and equipment

The cost of property and equipment is depreciated over the estimated useful life, which is based on expected usage of the asset, expected physical wear and tear, the repair and maintenance program and technological obsolescence arising from changes and the residual value. Management has not considered any residual value as it is deemed immaterial.

5 Property and equipment

	Land AED	Building AED	Furniture and fixtures AED	Computer, software and office equipment AED	Motor vehicles AED	Capital work- in progress AED	Total AED
Cost							
Balance as at 1 January 2024	2,470,555	1,751,577	4,736,098	5,619,398	768,336	150,471	15,496,435
Additions during the year	-	-	25,040	304,496	7,693	730,734	1,067,963
Disposals during the year	-	-	-	-	(12,998)	-	(12,998)
Balance as at 31 December 2024	2,470,555	1,751,577	4,761,138	5,923,894	763,031	881,205	16,551,400
Additions during the year	-	-	15,700	236,595	276,500	297,472	826,267
Transfers during the year	-	-	-	286,260	-	(286,260)	-
Balance as at 31 December 2025	2,470,555	1,751,577	4,776,838	6,446,749	1,039,531	892,417	17,377,667
Accumulated depreciation							
Balance as at 1 January 2024	-	1,417,403	4,642,204	4,897,313	332,832	-	11,289,752
Charge for the year	-	169,158	36,634	295,801	124,106	-	625,699
Disposals during the year	-	-	-	-	(12,998)	-	(12,998)
Balance as at 31 December 2024	-	1,586,561	4,678,838	5,193,114	433,940	-	11,902,453
Charge for the year	-	165,016	35,312	430,497	133,447	-	764,272
Balance as at 31 December 2025	-	1,751,577	4,714,150	5,623,611	577,387	-	12,666,725
Net book value							
Balance as at 31 December 2025	2,470,555	-	62,688	823,138	462,144	892,417	4,710,942
Balance as at 31 December 2024	2,470,555	165,016	82,300	730,780	319,091	881,205	4,648,947

As at 31 December 2025, the cost of fully depreciated property and equipment that was still in use amounted to AED 9,022,448 (2024: AED 8,757,710). Property and equipment are located in U.A.E.

Alliance Insurance P.S.C.

Notes to the financial statements For the year ended 31 December 2025

6 Investment properties

	2025 AED	2024 AED
Balance as at 1 January	242,782,500	227,465,500
Increase in fair value	14,837,500	15,317,000
Balance as at 31 December	257,620,000	242,782,500

Investment properties comprises two commercial buildings in Dubai, United Arab Emirates. The fair value of the Company's investment properties as at 31 December 2025 has been arrived at on the basis of taking the average of the valuations carried on the reporting date by two independent valuers who are not related to the Company and have appropriate qualifications and recent market experience in the valuation of properties in the United Arab Emirates. The fair value was determined based on the net income capitalisation method, where the market rentals of all lettable units of the properties are assessed by reference to the rental achieved in the lettable units. The capitalisation rate adopted is determined by reference to the yield rates observed by the valuers for similar properties in the locality and adjusted based on the valuers' knowledge of the factors specific to the respective property. In estimating the fair value of the properties, the highest and best use of the properties is their current use. The Company's investment properties are classified as Level 3 in the fair value hierarchy as at 31 December 2025 (2024: Level 3).

7 Financial investments

	Carrying value		Fair value	
	31 December	31 December	31 December	31 December
	2025 AED	2024 AED	2025 AED	2024 AED
<i>Financial instruments</i>				
Investments held at amortised cost	320,713,350	317,758,258	326,216,215	318,272,676
At fair value through other comprehensive income	12,777,340	7,709,234	12,777,340	7,709,234
	333,490,690	325,467,492	338,993,555	325,981,910

Investments at amortised cost

	2025 AED	2024 AED
Quoted bonds	322,345,182	319,390,090
Provision for expected credit loss	(1,631,832)	(1,631,832)
	320,713,350	317,758,258
Inside UAE	223,644,855	165,809,174
Outside UAE	97,068,495	151,949,084
	320,713,350	317,758,258

The bonds carry interest at the rates of 3.375% to 7.50% (2024: 3.375% to 7.50%) per annum and interest is payable semi-annually/annually. The Company holds these investments with the objective of receiving the contractual cash flows over the instrument life. The fair value of quoted bonds as at 31 December 2025 amounted to AED 320,713,350 (2024: AED 317,758,258).

Investments carried at FVOCI

	2025 AED	2024 AED
Quoted equity securities in UAE	12,777,340	7,709,234

Alliance Insurance P.S.C.

Notes to the financial statements For the year ended 31 December 2025

7 Financial investments (continued)

The movement in investments at FVOCI and investments at amortised cost are as follows:

	FVOCI AED	Amortised cost AED	Total AED
Balance as at 31 December 2023	8,315,980	328,932,079	337,248,059
Amortisation	-	(1,379,816)	(1,379,816)
Purchases	-	59,293,679	59,293,679
Matured	-	(69,087,684)	(69,087,684)
Changes in fair value	(606,746)	-	(606,746)
Balance as at 31 December 2024	7,709,234	317,758,258	325,467,492
Amortisation	-	1,120,092	1,120,092
Purchases	-	144,965,000	144,965,000
Matured	-	(143,130,000)	(143,130,000)
Changes in fair value	5,068,106	-	5,068,106
Balance as at 31 December 2025	12,777,340	320,713,350	333,490,690

8 Insurance and reinsurance contracts

The breakdown of groups of insurance and reinsurance contracts issued, and reinsurance contracts held, that are in an asset position and those in a liability position is set out in the table below:

	31 December 2025			31 December 2024		
	Assets AED	Liabilities AED	Net AED	Assets AED	Liabilities AED	Net AED
Insurance contracts issued						
Life and Medical	- (431,842,582)	(431,842,582)	315,463	(434,998,528)	(434,683,065)	
General and Motor	- (274,189,383)	(274,189,383)	-	(261,309,945)	(261,309,945)	
Total insurance contracts issued	- (706,031,965)	(706,031,965)	315,463	(696,308,473)	(695,993,010)	
Reinsurance contracts held						
Life and Medical	13,293,689	-	13,293,689	14,936,863	-	14,936,863
General and Motor	194,038,023	(161,127)	193,876,896	198,982,831	(180,503)	198,802,328
Total reinsurance contracts held	207,331,712	(161,127)	207,170,585	213,919,694	(180,503)	213,739,191

Insurance contract liabilities have been adjusted for loans guaranteed by life insurance policies amounting to AED 40,316,139 as at 31 December 2025 (2024: AED 40,126,112).

Roll-forward of net asset or liability for insurance contracts issued showing the liability for remaining coverage and the liability for incurred claims.

The Company disaggregates information to provide disclosure in respect of major product lines separately: Life & Medical and General. This disaggregation has been determined based on how the Company is managed.

The roll-forward of the net asset or liability for insurance contracts issued, showing the liability for remaining coverage and the liability for incurred claims, is disclosed in the table on the next page.

8 Insurance and reinsurance contracts (continued)

Roll-forward of net asset or liability for insurance contracts issued showing the liability for remaining coverage and the liability for incurred claims for contracts measured under the PAA.

	2025		Life and Medical		General		Liabilities for incurred claims	
	Liabilities for remaining coverage	Liabilities for incurred claims	Liabilities for remaining coverage	Liabilities for incurred claims	Excluding loss component	Risk component	Loss component	Risk
	Excluding loss component AED	Loss value of future cash flows AED	AED	AED	AED	AED	AED	Total AED
Insurance contract assets as at 1 January	431,693	-	(115,848)	(382)	-	-	-	315,463
Insurance contract liabilities as at 1 January	(8,207,041)	-	(10,241,989)	(278,358)	11,560,724	(4,503,754)	(252,628,639)	(280,037,333)
Net insurance contract liabilities as at 1 January	(7,775,348)	-	(10,357,837)	(278,740)	11,560,724	(4,503,754)	(252,628,639)	(15,738,276) (279,721,870)
Insurance revenue	56,095,122	-	-	-	224,739,075	-	-	-
Insurance service expenses	(10,527,928)	-	(43,825,875)	(36,312)	(22,625,737)	283,765	(40,747,166)	840,736 (116,638,517)
Incurred claims and other expenses	-	-	(48,636,723)	(846,853)	-	(84,591,416)	(4,730,994)	(138,805,986)
Amortisation of insurance acquisition cash flows	(10,527,928)	-	-	-	(22,625,737)	-	-	(33,153,665)
Changes to liabilities for incurred claims	-	-	4,810,848	810,541	-	43,844,250	5,571,730	55,037,369
Reversals of losses on onerous contracts	-	-	-	-	283,765	-	-	283,765
Insurance service result	45,567,194	-	(43,825,875)	(36,312)	202,113,338	283,765	(40,747,166)	840,736 164,195,680
Insurance finance expenses	-	-	(105,409)	-	-	(3,097,365)	-	(3,202,774)
Total changes in the statement of comprehensive Income	45,567,194	-	(43,931,284)	(36,312)	202,113,338	283,765	(43,844,531)	840,736 160,992,906
Cash flows								
Premiums received	(60,021,594)	-	-	-	(243,078,455)	-	-	(303,100,049)
Claims and other expenses paid	-	-	39,498,604	-	-	51,437,784	-	90,936,388
Insurance acquisition cash flows	8,965,512	-	-	-	19,367,925	-	-	28,333,437
Total cash flows	(51,056,082)	-	39,498,604	-	(223,710,530)	-	51,437,784	(183,830,224)
Insurance contract liabilities as at 31 December	(13,264,236)	-	(14,790,517)	(315,052)	(10,036,468)	(4,219,989)	(245,035,386)	(14,897,540) (302,559,188)

8 Insurance and reinsurance contracts (continued)

Roll-forward of net asset or liability for insurance contracts issued showing the liability for remaining coverage and the liability for incurred claims for contracts measured under the PAA (continued)

2024	Life and Medical		General		General	
	Liabilities for remaining coverage	Liabilities for incurred claims	Liabilities for remaining coverage	Excluding loss component	Loss component	Liabilities for incurred claims
Excluding loss component	Loss	Value of future cash flows	Risk adjustment	AED	AED	Risk adjustment
AED	AED	AED	AED	AED	AED	AED
823,052	-	(468,394)	(7,932)	-	-	-
(6,186,948)	-	(13,032,230)	(365,026)	(7,376,721)	(5,778,032)	(249,004,784)
(5,363,896)	-	(13,500,624)	(372,958)	(7,376,721)	(5,778,032)	(249,004,784)
Insurance revenue	-	-	215,034,119	-	-	268,656,698
Insurance service expenses	(9,825,734)	(38,723,438)	94,218	(19,348,785)	1,274,278	(74,855,878)
Incurred claims and other expenses	-	(46,681,777)	(1,738,339)	-	(152,453,683)	(9,220,751)
Amortisation of insurance acquisition cash flows	(9,825,734)	-	-	(19,348,785)	-	(210,094,550)
Changes to liabilities for incurred claims	-	7,958,339	1,832,557	-	-	-
Reversals of losses on onerous contracts	-	-	-	-	77,597,805	(29,174,519)
Insurance service result	43,796,845	(38,723,438)	94,218	195,685,334	1,274,278	10,546,708
Insurance finance expenses	-	(196,247)	-	-	-	97,935,409
Total changes in the statement of comprehensive Income	43,796,845	(38,919,585)	94,218	195,685,334	1,274,278	(1,274,278)
<i>Cash flows</i>						
Premiums received	(55,653,387)	-	-	(195,396,736)	-	-
Claims and other expenses paid	-	42,062,472	-	-	72,725,484	(251,050,123)
Insurance acquisition cash flows	9,445,090	-	-	18,648,847	-	-
Total cash flows	(46,208,297)	-	42,062,472	-	(176,747,889)	114,787,956
Net insurance contract liabilities as at 31 December	431,693	(115,848)	(382)	-	72,725,484	-
Insurance contract assets as at 31 December	(8,207,041)	(10,241,989)	(278,358)	11,560,724	(4,503,754)	315,463
Insurance contract liabilities as at 31 December	(7,775,348)	(10,357,837)	(278,740)	11,560,724	(4,503,754)	(252,628,639)
Net insurance contract liabilities as at 31 December						(28,093,937)

Alliance Insurance P.S.C.

Notes to the financial statements For the year ended 31 December 2025

8 Insurance and reinsurance contracts (continued)

Reconciliation of the liability for remaining coverage and the liability for incurred claims – applicable to contracts not measured under the PAA

2025	Liabilities for remaining coverage		Liabilities for incurred claims		Total AED
	Excluding loss component	Loss component	AED	AED	
	AED	AED	AED	AED	
Insurance contract liabilities as at 1 January	(348,869,210)	(39,846,877)	(27,555,053)	(416,271,140)	
Insurance revenue	50,007,129	-	-	50,007,129	
Insurance service expenses	(4,123,287)	(338,795)	(51,399,672)	(55,861,754)	
Incurred claims and other expenses	-	-	(50,671,222)	(50,671,222)	
Amortisation of insurance acquisition cash flows	(4,123,287)	-	-	(4,123,287)	
Changes to liabilities for incurred claims	-	-	(728,450)	(728,450)	
Losses on onerous contracts	-	(338,795)	-	(338,795)	
Insurance service result	45,883,842	(338,795)	(51,399,672)	(5,854,625)	
Insurance finance expenses	(10,119,570)	(2,361,606)	(113,238)	(12,594,414)	
Investment components	47,715,922	-	(47,715,922)	-	
Total changes in the statement of profit or loss	83,480,194	(2,700,401)	(99,228,832)	(18,449,039)	
<i>Cash flows</i>					
Premiums received	(73,409,039)	-	-	(73,409,039)	
Claims and other expenses paid	-	-	98,374,200	98,374,200	
Insurance acquisition cash flows	6,282,241	-	-	6,282,241	
Total cash flows	(67,126,798)	-	98,374,200	31,247,402	
Net insurance contract liabilities as at 31 December	(332,515,814)	(42,547,278)	(28,409,685)	(403,472,777)	
2024					
Insurance contract liabilities as at 1 January	(376,968,115)	(26,970,156)	(32,464,552)	(436,402,823)	
Insurance revenue	58,866,571	-	-	58,866,571	
Insurance service expenses	(3,180,123)	(13,179,732)	(53,956,374)	(70,316,229)	
Incurred claims and other expenses	-	-	(59,039,625)	(59,039,625)	
Amortisation of insurance acquisition cash flows	(3,180,123)	-	-	(3,180,123)	
Reversals of losses on onerous contracts	-	-	5,083,251	5,083,251	
Changes to liabilities for incurred claims	-	(13,179,732)	-	(13,179,732)	
Insurance service result	55,686,448	(13,179,732)	(53,956,374)	(11,449,658)	
Insurance finance (expenses)/income	(4,536,146)	303,011	(126,162)	(4,359,297)	
Investment components	53,072,463	-	(53,072,463)	-	
Total changes in the statement of profit or loss	104,222,765	(12,876,721)	(107,154,999)	(15,808,955)	
<i>Cash flows</i>					
Premiums received	(82,876,523)	-	-	(82,876,523)	
Claims and other expenses paid	-	-	112,064,498	112,064,498	
Insurance acquisition cash flows	6,752,663	-	-	6,752,663	
Total cash flows	(76,123,860)	-	112,064,498	35,940,638	
Net insurance contract liabilities as at 31 December	(348,869,210)	(39,846,877)	(27,555,053)	(416,271,140)	

Alliance Insurance P.S.C.

Notes to the financial statements
For the year ended 31 December 2025

8 Insurance and reinsurance contracts (continued)

Reconciliation of the measurement components of insurance contract balances - applicable to contracts measured for contracts not under PAA

2025	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	CSM	Total
	AED	AED	AED	AED
Insurance contract liabilities as at 1 January	(400,758,596)	(11,325,984)	(4,186,560)	(416,271,140)
Changes that relate to current services				
CSM recognised for services provided	-	-	1,478,075	1,478,075
Change in risk adjustment for non-financial risk for risk expired	-	1,303,819	-	1,303,819
Experience adjustments	(705,157)	(12,943)	-	(718,100)
Changes that relate to future services				
Contracts initially recognised during the year	-	-	-	-
Changes in estimates that adjust the CSM	4,114,550	(447,088)	(3,667,462)	-
Changes in estimates that result in losses on onerous contracts	(7,039,628)	(150,341)	-	(7,189,969)
Changes that relate to past services				
Adjustments to liabilities for incurred claims	(749,536)	21,086	-	(728,450)
Insurance service result	(4,379,771)	714,533	(2,189,387)	(5,854,625)
Net finance expenses from insurance contracts	(12,539,334)	-	(55,080)	(12,594,414)
Total changes in the statement of profit or Loss	(16,919,105)	714,533	(2,244,467)	(18,449,039)
Cash flows				
Premiums received	(73,409,039)	-	-	(73,409,039)
Claims and other directly attributable expenses paid	98,374,200	-	-	98,374,200
Insurance acquisition cash flows paid	6,282,241	-	-	6,282,241
Total cash flows	31,247,402	-	-	31,247,402
Insurance contract liabilities as at 31 December	(386,430,299)	(10,611,451)	(6,431,027)	(403,472,777)

Alliance Insurance P.S.C.

Notes to the financial statements
For the year ended 31 December 2025

8 Insurance and reinsurance contracts (continued)

Reconciliation of the measurement components of insurance contract balances - applicable to contracts measured for contracts not under PAA (continued)

2024	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	CSM	Total
	AED	AED	AED	AED
Insurance contract liabilities as at 1 January	(419,843,303)	(12,150,816)	(4,408,704)	(436,402,823)
Changes that relate to current services				
CSM recognised for services provided	-	-	1,581,421	1,581,421
Change in risk adjustment for non-financial risk for risk expired	-	1,735,168	-	1,735,168
Experience adjustments	2,655,325	(47,591)	-	2,607,734
Changes that relate to future services				
Contracts initially recognised in the year	(1,753,413)	(558,203)	(493,217)	(2,804,833)
Changes in estimates that adjust the CSM	903,189	(108,492)	(794,697)	-
Changes in estimates that result in losses on onerous contracts	(19,378,022)	(274,379)	-	(19,652,401)
Changes that relate to past services				
Adjustments to liabilities for incurred claims	5,004,924	78,329	-	5,083,253
Insurance service result	(12,567,997)	824,832	293,507	(11,449,658)
Net finance expenses from insurance contracts	(4,287,934)	-	(71,363)	(4,359,297)
Total changes in the statement of profit or loss	(16,855,931)	824,832	222,144	(15,808,955)
Cash flows				
Premiums received	(82,876,523)	-	-	(82,876,523)
Claims and other directly attributable expenses paid	112,064,498	-	-	112,064,498
Insurance acquisition cash flows paid	6,752,663	-	-	6,752,663
Total cash flows	35,940,638	-	-	35,940,638
Insurance contract liabilities as at 31 December	(400,758,596)	(11,325,984)	(4,186,560)	(416,271,140)

8 Insurance and reinsurance contracts (continued)

Roll-forward of net asset or liability for reinsurance contracts held showing the assets for remaining coverage and the amounts recoverable on incurred claims – applicable to contracts not measured under the PAA

8 Insurance and reinsurance contracts (continued)

Roll-forward of net asset or liability for reinsurance contracts held showing the assets for remaining coverage and the amounts recoverable on incurred claims – applicable to contracts not measured under the PAA (continued)

2024	Life and Medical		General		Estimates of the present value of future cash flows	Risk adjustment	Loss component	Estimates of the present value of future cash flows	Risk adjustment	Loss component	Estimates of the present value of future cash flows
	Assets for remaining coverage	Amounts recoverable on incurred claims	Assets for remaining coverage	Amounts recoverable on incurred claims							
Excluding loss recovery component	Loss value of future cash flows	Risk adjustment	Excluding loss recovery component	Risk component							
AED	AED	AED	AED	AED							
7,417,564	-	7,005,275	257,200	31,196,626	2,946,796	161,644,365	15,643,149	226,110,975			
Reinsurance contract assets as at 1 January											
Reinsurance contract liabilities as at 1 January											
Net reinsurance contract assets as at 1 January											
(31,319,565)	-	-	-	(178,452,083)	-						
Allocation of reinsurance premiums											
Amounts recoverable from reinsurers for incurred claims											
	24,669,894	(64,086)		(2,946,796)	43,049,584	(1,347,148)	63,361,448				
Amounts recoverable for incurred claims and other expenses											
	30,082,345	1,334,236		-	123,713,590	8,158,418	163,288,589				
Changes to amounts recoverable for incurred claims											
	(5,412,451)	(1,398,322)			(80,664,006)	(9,505,566)	(96,980,345)				
(31,319,565)	-	24,669,894	(64,086)	(178,452,083)	(2,946,796)	43,049,584	(1,347,148)	(146,410,200)			
126,923	-	-	-	-	-	1,059,749	-	-			
(31,319,565)	-	24,796,817	(64,086)	(178,452,083)	(2,946,796)	44,109,333	(1,347,148)	(145,223,528)			
<i>Cash flows</i>											
Premiums paid											
	29,200,505	-	-	153,114,432	-						
Amounts received											
	-	(25,677,978)	-	-	-	(27,724,752)	-	-			
Total cash flows											
Net reinsurance contract assets/(liabilities) as at 31 December											
Reinsurance contract assets as at 31 December											
	5,298,504	-	6,124,114	193,114	5,939,332	-	177,925,709	14,163,231	209,644,004		
Reinsurance contract liabilities as at 31 December					(105,784)	-	(52,126)	(22,593)	(180,503)		
Net reinsurance contract assets as at 31 December											
	5,298,504	-	6,124,114	193,114	5,833,548	-	177,873,583	14,140,638	209,463,501		

8 Insurance and reinsurance contracts (continued)

Roll-forward of net asset or liability for reinsurance contracts held showing the assets for remaining coverage and the amounts recoverable on incurred claims for contracts not measured under the PA

2025	Life and Medical			General			Amounts recoverable on incurred claims AED	
	Assets for remaining coverage			Assets for remaining coverage				
	Excluding loss recovery component AED	Loss component AED	Amounts recoverable on incurred claims AED	Excluding loss recovery component AED	Loss component AED	Total AED		
Reinsurance contract assets as at 1 January	3,057,713	-	263,418	(4,130)	-	958,689	4,275,690	
An allocation of reinsurance premiums	(1,801,062)	-	-	4,077	-	-	(1,796,985)	
Amounts recoverable from reinsurers for incurred claims	-	-	268,413	-	-	(938,846)	(670,433)	
Amounts recoverable for incurred claims and other expenses	-	-	515,874	-	-	-	515,874	
Changes to amounts recoverable for incurred claims	-	-	(247,461)	-	-	(938,846)	(1,186,307)	
Net expense or income from reinsurance contracts held	(1,801,062)	-	268,413	4,077	-	(938,846)	(2,467,418)	
Reinsurance finance income	(71,682)	-	999	53	-	6,215	(64,415)	
Total changes in the statement of comprehensive income	(1,872,744)	-	269,412	4,130	-	(932,631)	(2,531,833)	
<i>Cash flows</i>								
Premiums paid	1,349,424	-	-	-	-	-	1,349,424	
Amounts received	-	-	(501,178)	-	-	-	(501,178)	
Total cash flows	1,349,424	-	(501,178)	-	-	-	848,246	
Reinsurance contract assets as at 31 December	2,534,393	-	31,652	-	-	26,058	2,592,103	

8 Insurance and reinsurance contracts (continued)

Roll-forward of net asset or liability for reinsurance contracts held showing the assets for remaining coverage and the amounts recoverable on incurred claims for contracts not measured under the PAA (continued)

2024	Life and Medical						General						
	Assets for remaining coverage			Assets for remaining coverage			Assets for remaining coverage			Assets for remaining coverage			
	Excluding loss recovery component	Loss component	AED	Amounts recoverable on incurred claims	AED	AED	Excluding loss recovery component	Loss component	AED	Amounts recoverable on incurred claims	AED	AED	
	3,357,641	-	-	395,627	-	(129,984)	-	-	-	1,701,970	-	5,325,254	
Reinsurance contract assets as at 1 January	(1,811,490)	-	-	-	(239,742)	-	-	-	-	-	-	(2,051,232)	
An allocation of reinsurance premiums	-	-	(420,725)	-	-	-	-	-	(555,316)	-	(976,041)		
Amounts recoverable from reinsurers for incurred claims	-	-	(295,304)	-	-	-	-	-	521,875	-	226,571		
Amounts recoverable for incurred claims and other expenses	-	-	(125,421)	-	-	-	-	-	(1,077,191)	-	(1,202,612)		
Changes to amounts recoverable for incurred claims	-	-	-	(420,725)	(239,742)	-	-	-	(555,316)	-	(3,027,273)		
Net income from reinsurance contracts held	(1,811,490)	-	29,850	1,624	1,826	-	-	-	12,198	-	45,498		
Reinsurance finance income	(1,781,640)	-	-	(419,101)	(237,916)	-	-	-	(543,118)	-	(2,981,775)		
Total changes in the statement of comprehensive income													
<i>Cash flows</i>													
Premiums paid	1,481,712	-	-	363,770	-	-	-	-	-	-	1,845,482		
Amounts received	-	-	286,892	-	-	-	-	-	(200,163)	-	86,729		
Total cash flows	1,481,712	-	286,892	363,770	-	-	-	-	(200,163)	-	1,932,211		
Reinsurance contract assets as at 31 December	3,057,713	-	263,418	(4,130)	-	-	-	-	958,689	-	4,275,690		

8 Insurance and reinsurance contracts (continued)

Reconciliation of the measurement components of reinsurance contract balances - applicable to contracts not measured under PAA

	Life and Medical						General	
	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	CSM AED	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	CSM AED	Total AED	
2025	AED	AED	AED	AED	AED	AED	AED	AED
Reinsurance contract assets as at 1 January								4,275,690
Changes that relate to current services								
CSM recognised for services provided								
Change in risk adjustment for non-financial risk for risk expired								
Experience adjustments								
Changes that relate to future services								
Contracts initially recognised in the year								
Changes in estimates that adjust the CSM								
Changes that relate to past services								
Adjustments to Liabilities for incurred claims								
Net expenses or income from reinsurance contracts								
Net finance (income)/expense from reinsurance contracts								
Total changes in the statement of profit or loss								
Cash flows								
Premiums paid								
Amounts received								
Total cash flows								
Reinsurance contract assets as at 31 December								
(2,385,546)	68,090	4,883,500	26,059	-	-	-	2,592,103	

8 Insurance and reinsurance contracts (continued)

Reconciliation of the measurement components of reinsurance contract balances - applicable to contracts not measured under PAA (continued)

	Life and Medical		General		
	Estimates of present value of future cash flows AED	Risk adjustment for non-financial risk AED	CSM AED	Estimates of present value of future cash flows AED	Total AED
2024					
Reinsurance contract assets as at 1 January					5,325,253
Changes that relate to current services					
CSM recognised for services provided					
Change in risk adjustment for non-financial risk for risk expired					
Experience adjustments					
Changes that relate to future services					
Contracts initially recognised in the year					
Changes in estimates that adjust the CSM					
Changes that relate to past services					
Adjustments to assets for incurred claims					
Net income from reinsurance contracts					
Net finance income from reinsurance contracts					
Total changes in the statement of profit or loss					
Cash Flows					
Premiums paid	1,481,712	-	-	363,770	-
Amounts received	286,892	-	-	(200,163)	-
Total cash flows	1,768,604	-	-	163,607	-
Reinsurance contract assets as at 31 December	(2,159,375)	76,888	5,403,617	825,790	128,770
					4,275,690

8 · Insurance and reinsurance contracts (continued)

Expected recognition of the contractual service margin - An analysis of the expected recognition of the CSM remaining at the end of the reporting period in profit or loss is provided in the following table (number of years until expected to be recognised)

	1 year		2 year		3 year		4 year		5 year		>5 year	
	AED	AED	AED	AED								
31 December 2025												
CSM for insurance contracts issued	619,524		544,082		477,669		416,324		365,339		4,008,089	6,431,027
CSM for reinsurance contracts held	(458,694)		(405,054)		(357,055)		(314,474)		(281,330)		(3,066,893)	(4,883,500)

31 December 2024

CSM for insurance contracts issued	408,543		355,421		311,435		272,439		236,243		2,602,479	4,186,560
CSM for reinsurance contracts held	(515,695)		(452,218)		(400,400)		(353,284)		(310,614)		(3,371,406)	(5,403,617)

Reconciliation of the measurement components of insurance and reinsurance contract balances measured under both PAA and Non-PAA as at:

	PAA		Non-PAA		Total	
	AED	AED	AED	AED	AED	AED
31 December 2025						
Insurance contract liabilities	302,559,188		403,472,777		706,031,965	
Reinsurance contract liabilities	161,127		-		161,127	
	-	-	-	-	-	-
Insurance contract assets	(204,739,609)		(2,592,103)		(207,331,712)	
Reinsurance contract assets						
31 December 2024						
Insurance contract liabilities	280,037,333		416,271,140		696,308,473	
Reinsurance contract liabilities	180,503		-		180,503	
	-	-	-	-	-	-
Insurance contract assets	(315,463)		-		(315,463)	
Reinsurance contract assets	(209,644,004)		(4,275,690)		(213,919,694)	

Alliance Insurance P.S.C.

Notes to the financial statements For the year ended 31 December 2025

9 Prepayments and other receivables

	2025 AED	2024 AED
Rent receivable from tenants	6,678,720	6,893,159
Provision for expected credit losses	<u>(4,998,914)</u>	<u>(4,894,414)</u>
Rent receivable from tenants – net	1,679,806	1,998,745
Receivable against administration services provided	16,235,483	19,656,586
Accrued interest from investments at amortised cost	5,516,065	5,527,466
Prepayments	2,204,847	850,971
Refundable deposits	225,710	148,003
Receivable from employees	-	17,887
Other receivables	<u>1,137,963</u>	<u>-</u>
	<u>26,999,874</u>	<u>28,199,658</u>

Details of allowance for expected credit losses as per IFRS 9 were as follows:

	2025 AED	2024 AED
Balance at the beginning of the year	4,894,414	3,920,459
Provision for impairment during the year	104,500	973,955
Balance at the end of the year	<u>4,998,914</u>	<u>4,894,414</u>

10 Statutory deposit

As at 31 December 2025, deposit of AED 10,000,000 (31 December 2024: AED 10,000,000) has been placed with one of the Company's banks, in accordance with Article (92) of the Federal Decree Law No. (6) of 2025. This deposit has been pledged to the bank as security against a guarantee issued by the Bank in favor of the Central Bank of the United Arab Emirates ("CBUAE") for the same amount. This deposit cannot be withdrawn without prior approval of the Central Bank of the United Arab Emirates and bears an interest rate of 3.5% per annum (2024: 3.8% per annum).

11 Fixed deposits

	2025 AED	2024 AED
<i>Current portion</i>		
Short term fixed deposits with banks in the UAE	412,707,951	434,128,347
Accrued interest on short term fixed deposits	<u>5,806,369</u>	<u>7,819,289</u>
	<u>418,514,320</u>	<u>441,947,636</u>
<i>Non-current portion</i>		
Long term fixed deposits with banks in the UAE	3,000,000	3,000,000
Accrued interest on long term fixed deposits	<u>118,667</u>	<u>171,475</u>
	<u>3,118,667</u>	<u>3,171,475</u>
Less: Provision for expected credit losses	<u>(320,238)</u>	<u>(320,238)</u>
	<u>421,312,749</u>	<u>444,798,873</u>

Fixed deposits comprise deposits with original maturity term of 12 months and above with banks in UAE bearing annual interest at rates ranging from 3.5% to 4.9% per annum (31 December 2024: 2.85% to 5.75% per annum).

12 Cash and cash equivalents

	2025 AED	2024 AED
Cash on hand	116,691	362,095
Current accounts with banks	37,771,411	10,451,509
Less: allowance for expected credit losses	<u>(73,827)</u>	<u>(73,827)</u>
	<u>37,814,275</u>	<u>10,739,777</u>

Alliance Insurance P.S.C.
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13 Share capital

	2025 AED	2024 AED
Authorised, issued and fully paid:		
1,000,000 shares of AED 100 each		
(31 December 2024: 1,000,000 shares of AED 100 each)	<u>100,000,000</u>	<u>100,000,000</u>

14 Reserves

Statutory reserve

In accordance with the Company's Articles of Association and Federal Decree Law No. (32) of 2021 (as amended), a minimum of 10% of the Company's profit for the year should be transferred to a non-distributable statutory reserve. As per the Company's Articles of Association, such transfers are required until the balance on the statutory reserve equals 100% of the Company's paid-up share capital. Since the statutory reserve has reached 100% of Company's paid up share capital, no transfers were made this year (2024: nil).

Regular reserve

In accordance with the Company's Articles of Association, at least 10% of the Company's profit must be transferred to regular reserve. Such transfers are required until the balance on this reserve equals 100% of the Company's paid-up share capital, or until the transfer is discontinued by resolution of the shareholders. Accordingly, AED 3,695,800 (2024: AED 2,718,043) was transferred to the regular reserve on 31 December 2025.

General reserve

A general reserve can be utilised for any purpose approved by the shareholders as per the Articles of Association of the Company. During the year, a transfer of AED 50 million (2024: AED 8 million) was made from the general reserve.

Reinsurance reserve

In accordance with Article 34 issued by the Central Bank of the United Arab Emirates ("CBUAE"), Board of Directors Decision No. (23) of 2019 the Company has created a reinsurance reserve amounting to AED 1,267,142 in 2025 (2024: AED 1,111,962), being 0.5% of the total reinsurance premiums ceded by the Company in the United Arab Emirates in all classes of business. The Company shall accumulate such reserve year on year and not dispose off the reserve without the written approval of the Director General of the Central Bank of the United Arab Emirates ("CBUAE").

15 Employees' end of service benefits

	2025 AED	2024 AED
Balance as at the 1 January	5,884,570	5,973,940
Charge for the year	682,184	1,020,286
Amounts paid during the year	<u>(962,803)</u>	<u>(1,109,656)</u>
Balance as at 31 December	<u>5,603,951</u>	<u>5,884,570</u>

16 Other payables

	2025 AED	2024 AED
Provision for staff benefits	3,881,228	6,824,695
Unearned rental income	2,057,222	1,789,359
Accruals and provision	1,636,329	1,107,837
Other payables	<u>1,067,942</u>	<u>2,035,207</u>
	<u>8,642,721</u>	<u>11,757,098</u>

Accrued expenses relate to amounts incurred in the normal course of business such as fees payable to regulators and other professionals.

Alliance Insurance P.S.C.

Notes to the financial statements For the year ended 31 December 2025

17 Basic and diluted earnings per share

	2025	2024
Net profit for the year after tax (in AED)	36,958,002	27,180,428
Number of shares	<u>1,000,000</u>	<u>1,000,000</u>
Basic and diluted earnings per share after tax (in AED)	<u>36.96</u>	<u>27.18</u>

Basic and diluted earnings per share are calculated by dividing the profit for the period by the number of shares outstanding at the end of the reporting period. Diluted earnings per share is equivalent to basic earnings per share as the Company did not issue any new instrument that would impact earnings per share when executed.

18 Insurance revenue

	Life and Medical AED	General AED	Total AED
31 December 2025			
Contracts not measured under the PAA			
Expected incurred claims and other insurance service expenses	43,268,246	-	43,268,246
Recovery of insurance acquisition cash flows	4,123,287	-	4,123,287
CSM recognised for services provided	1,478,075	-	1,478,075
Change in risk adjustment for non-financial risk for risk expired	<u>1,137,521</u>	<u>-</u>	<u>1,137,521</u>
	<u>50,007,129</u>	<u>-</u>	<u>50,007,129</u>
Contracts measured under the PAA	56,095,122	224,739,075	280,834,197
Total insurance revenue	106,102,251	224,739,075	330,841,326

	Life and Medical AED	General AED	Total AED
31 December 2024			
Contracts not measured under the PAA			
Expected incurred claims and other insurance service expenses	52,593,289	-	52,593,289
Recovery of insurance acquisition cash flows	3,180,122	-	3,180,122
CSM recognised for services provided	1,581,422	-	1,581,422
Change in risk adjustment for non-financial risk for risk expired	<u>1,511,738</u>	<u>-</u>	<u>1,511,738</u>
	<u>58,866,571</u>	<u>-</u>	<u>58,866,571</u>
Contracts measured under the PAA	53,622,579	215,034,119	268,656,698
Total insurance revenue	112,489,150	215,034,119	327,523,269

19 Insurance service expense

	Life and Medical AED	General AED	Total AED
31 December 2025			
Incurred claims and other expenses	100,154,798	89,322,410	189,477,208
Amortisation of insurance acquisition cash flows	14,651,215	22,625,737	37,276,952
Losses on onerous contracts and reversals of those losses	338,795	(283,765)	55,030
Changes to liabilities for incurred claims	<u>(4,892,939)</u>	<u>(49,415,980)</u>	<u>(54,308,919)</u>
	<u>110,251,869</u>	<u>62,248,402</u>	<u>172,500,271</u>

Alliance Insurance P.S.C.

Notes to the financial statements
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19 Insurance service expense (continued)

31 December 2024	Life and Medical AED	General AED	Total AED
Incurred claims and other expenses	107,459,741	161,674,434	269,134,175
Amortisation of insurance acquisition cash flows	13,005,857	19,348,785	32,354,642
Losses on onerous contracts	13,179,732	(1,274,278)	11,905,454
Changes to liabilities for incurred claims	(14,874,147)	(88,144,513)	(103,018,660)
	<u>118,771,183</u>	<u>91,604,428</u>	<u>210,375,611</u>

20 Net insurance financial result

31 December 2025	Life and Medical AED	General AED	Total AED
Insurance finance (expenses)/income from insurance contracts issued			
Interest accrued to insurance contracts using current financial assumptions	(18,357,581)	(2,458,639)	(20,816,220)
Due to changes in interest rates and other financial assumptions	5,657,758	(638,726)	5,019,032
Total insurance finance expenses from insurance contracts issued	<u>(12,699,823)</u>	<u>(3,097,365)</u>	<u>(15,797,188)</u>
Represented by:			
Amounts recognised in profit or loss	(11,237,915)	(2,659,731)	(13,897,646)
Amounts recognised in OCI	(1,461,908)	(437,634)	(1,899,542)
Reinsurance finance income/(expenses) from reinsurance contracts held			
Interest accrued to reinsurance contracts using current financial assumptions	62,769	1,800,058	1,862,827
Due to changes in interest rates and other financial assumptions	(64,030)	553,633	489,603
Total reinsurance finance income/(expenses) from reinsurance contracts held	<u>(1,261)</u>	<u>2,353,691</u>	<u>2,352,430</u>
Represented by:			
Amounts recognised in profit or loss	71,829	2,675,759	2,747,588
Amounts recognised in OCI	(73,091)	(322,067)	(395,158)
Total insurance finance expenses and reinsurance finance income	<u>(12,701,084)</u>	<u>(743,674)</u>	<u>(13,444,758)</u>
Represented by:			
Amounts recognised in profit or loss	(11,166,086)	16,028	(11,150,058)
Amounts recognised in OCI	(1,534,999)	(759,701)	(2,294,700)

Alliance Insurance P.S.C.

Notes to the financial statements For the year ended 31 December 2025

20 Net insurance financial result (continued)

31 December 2024	Life and Medical AED	General AED	Total AED
Insurance finance (expenses)/income from insurance contracts issued			
Interest accrued to insurance contracts using current financial assumptions	(22,732,460)	(2,239,245)	(24,971,705)
Due to changes in interest rates and other financial assumptions	18,176,915	745,785	18,922,700
Total insurance finance expenses from insurance contracts issued	(4,555,545)	(1,493,460)	(6,049,005)
Represented by:			
Amounts recognised in profit or loss	(11,325,644)	(1,311,472)	(12,637,116)
Amounts recognised in OCI	6,770,099	(181,988)	6,588,111
Reinsurance finance income/(expenses) from reinsurance contracts held			
Interest accrued to reinsurance contracts using current financial assumptions	121,303	1,574,270	1,695,573
Due to changes in interest rates and other financial assumptions	37,096	(500,498)	(463,402)
Total reinsurance finance income from reinsurance contracts held	158,399	1,073,772	1,232,171
Represented by:			
Amounts recognised in profit or loss	107,444	402,070	509,514
Amounts recognised in OCI	50,955	671,702	722,657
Total insurance finance expenses and reinsurance finance income	(4,397,146)	(419,688)	(4,816,834)
Represented by:			
Amounts recognised in profit or loss	(11,218,200)	(909,402)	(12,127,602)
Amounts recognised in OCI	6,821,054	489,714	7,310,768

21 Income from financial investments

	2025 AED	2024 AED
Interest income from fixed deposits	20,076,410	25,748,755
Interest income from investments at amortised cost	18,648,295	19,559,575
Interest income from loans guaranteed by life insurance policies	1,557,126	2,064,502
Dividend income from investments carried at FVOCI	642,434	446,134
	40,924,265	47,818,966

22 Income from investment properties - net

	2025 AED	2024 AED
Rental income	19,754,608	18,370,428
Change in fair value of investment properties (Note 6)	14,837,500	15,317,000
Maintenance expenses	(5,651,084)	(5,592,212)
Provision for credit loss on rent receivables	(104,500)	(973,955)
	28,836,524	27,121,261

Alliance Insurance P.S.C.

Notes to the financial statements For the year ended 31 December 2025

23 Social contributions

Social contributions during the year ended 31 December 2025 amounted to AED 74,500 (31 December 2024: AED 250,000).

24 Related party balances and transactions

Related parties include the Company's major Shareholders, Directors and businesses controlled by them and their families over which they exercise significant management influence as well as key management personnel.

At the end of the reporting period, amounts due from related parties are as follows:

	2025 AED	2024 AED
<i>Key management personnel and entities under common control</i>		
Due from related parties (as a part of insurance contract assets and liabilities)	432,109	3,448,439

During the year, the Company entered into the following transactions with related parties:

	2025 AED	2024 AED
<i>Key management personnel and entities under common control</i>		
Gross written premiums from related parties	1,043,981	5,174,834
Claims paid to related parties	196,025	625,917
Director's remuneration*	2,882,969	1,062,555

*Pursuant to Article 171 of Federal Decree Law No. (32) of 2021 (as amended) and in accordance with the Articles of Association of the Company, the Directors are entitled for remuneration which shall not exceed 10% of the net profits after deducting depreciation and reserves.

25 Contingent liabilities

	2025 AED	2024 AED
Letters of guarantee	10,768,399	10,734,447

Letters of guarantee include AED 10 million (31 December 2024: AED 10 million) issued in favour of the CBUAE (formerly, the UAE insurance Authority). The above guarantees were issued in the normal course of business. The Company in common with the significant majority of insures, is subject to litigation in normal course of its business. The Company, based on independent legal advice, does not expect that the outcome of these court cases will have a material impact on the Company's financial performance or financial position.

Alliance Insurance P.S.C.

Notes to the financial statements For the year ended 31 December 2025

26 Insurance risk

The risk under any one insurance contract is the possibility that the insured event occurs and the uncertainty of the amount of the resulting claim. By the nature of an insurance contract, this risk is influenced by the frequency of claims, severity of claims, actual benefits paid and subsequent development of claims. The objective of the Company is to ensure that sufficient reserves are available to cover these liabilities.

For a portfolio of insurance contracts where the theory of probability is applied to pricing and provisioning, the principal risk that the Company faces under its insurance contracts is that the actual claims and benefit payments exceed the carrying amount of the insurance liabilities. This could occur because the frequency or severity of claims and benefits are greater than estimated. Insurance events are random and the actual number and amount of claims and benefits will vary from year to year from the estimate established using statistical techniques.

Experience shows that the larger the portfolio of similar insurance contracts, the smaller the relative variability about the expected outcome will be. In addition, a more diversified portfolio is less likely to be affected across the board by a change in any subset of the portfolio. The Company has developed its insurance underwriting strategy to diversify the type of insurance risks accepted and within each of these categories to achieve a sufficiently large population of risks to reduce the variability of the expected outcome.

The Company manages risks through its underwriting strategy, adequate reinsurance arrangements and proactive claims handling. The underwriting strategy attempts to ensure that the underwritten risks are well diversified in terms of type and amount of risk, industry and geography. Underwriting limits are in place to enforce appropriate risk selection criteria, as well as the use of reinsurance arrangements.

Frequency and severity of claims

The claim payments under insurance contracts are inherently uncertain in terms of both the frequency and severity of claims. The extent of uncertainty varies by the line of business. Generally, individual life business is more susceptible to variations in frequency than variations in severity. Similarly, motor and medical lines are more susceptible to frequency variations as compared to severity variations. Whereas other lines, especially commercial lines, can have significant variations in severity too.

The company relies on prudent underwriting and adequate diversification to manage the frequency risk. The company manages severity risk through diversification, applying underwriting limits and through reinsurance.

The company acquires reinsurance arrangements as per the nature of risk under each line of business. It maintains a combination of proportional and non-proportional treaties. Any risks not adequately covered under the treaties are also placed on facultative basis.

The Company has survey units dealing with the mitigation of risks surrounding claims. This unit investigates and recommends ways to improve risk claims. The risks are reviewed individually at least once a year and adjusted to reflect the latest information on the underlying facts, current law, jurisdiction, contractual terms and conditions, and other factors. The Company actively manages and pursues early settlements of claims to reduce its exposure to unpredictable developments.

The tables on the next page disclose the concentration of insurance liabilities by line of business. The amounts are the carrying amount of the insurance liabilities (gross and net of reinsurance) arising from the insurance and reinsurance contracts.

Alliance Insurance P.S.C.

Notes to the financial statements For the year ended 31 December 2025

26 Insurance risk (continued)

Frequency and severity of claims (continued)

	As at 31 December 2025		
	Gross AED	Reinsurance AED	Net AED
Life and Medical	(431,842,582)	13,293,689	(418,548,893)
General	(274,189,383)	193,876,896	(80,312,487)
	<u>(706,031,965)</u>	<u>207,170,585</u>	<u>(498,861,380)</u>
As at 31 December 2024			
	Gross AED	Reinsurance AED	Net AED
Life and Medical	(434,683,065)	14,936,863	(419,746,202)
General	(261,309,945)	198,802,328	(62,507,617)
	<u>(695,993,010)</u>	<u>213,739,191</u>	<u>(482,253,819)</u>

Sources of uncertainty in the estimation of future claim payments

Claims on insurance contracts are payable on a claims-occurrence basis. The Company is liable for all insured events that occurred during the term of the contract, even if the loss is discovered after the end of the contract term. As a result, claims are settled over a long period of time and element of the claims provision includes incurred but not reported claims (IBNR). The estimation of IBNR is generally subject to a greater degree of uncertainty than the estimation of the cost of settling claims already notified to the Company, where information about the claim event is available. IBNR claims may not be apparent to the insured until many years after the event that gave rise to the claims. For some insurance contracts, the IBNR proportion of the total liability is high and will typically display greater variations between initial estimates and final outcomes because of the greater degree of difficulty of estimating these liabilities.

In estimating the liability for the cost of reported claims not yet paid, the Company considers information available from loss adjusters and information on the cost of settling claims with similar characteristics in previous periods. Large claims are assessed on a case-by-case basis or projected separately in order to allow for the possible distortive effect of their development and incidence on the rest of the portfolio.

The estimated cost of claims includes direct expenses to be incurred in settling claims, net of the expected subrogation value and other recoveries. The Company takes all reasonable steps to ensure that it has appropriate information regarding its claims exposures. However, given the uncertainty in establishing claims provisions, it is likely that the final outcome will prove to be different from the original liability established.

The amount of insurance claims is particularly sensitive to the level of court awards and to the development of legal precedent on matters of contract and tort. Insurance contracts are also subject to the emergence of new types of latent claims, but no allowance is included for this at the reporting date.

Where possible, the Company adopts multiple techniques to estimate the required level of provisions. This provides a greater understanding of the trends inherent in the experience being projected. The projections given by the various methodologies also assist in estimating the range of possible outcomes. The most appropriate estimation technique is selected taking into account the characteristics of the business class and the extent of the development of each accident year.

In calculating the estimated cost of unpaid claims (both reported and not), the Company's estimation techniques are a combination of loss-ratio-based estimates and an estimate based upon actual claims experience using predetermined formulae where greater weight is given to actual claims experience as time passes. The initial loss-ratio estimate is an important assumption in the estimation technique and is based on previous years' experience, adjusted for factors such as premium rate changes, anticipated market experience and historical claims inflation. The initial estimate of the loss ratios used for the current year (before reinsurance) are analysed by type of risk where the insured operates for current and prior year premiums earned.

Alliance Insurance P.S.C.

Notes to the financial statements For the year ended 31 December 2025

26 Insurance risk (continued)

Process used to decide on assumptions

The risks associated with these insurance contracts are complex and subject to a number of variables that complicate quantitative sensitivity analysis. Internal data is derived mostly from the Company's quarterly claims reports and screening of the actual insurance contracts carried out at the end of the reporting period to derive data for the contracts held. The Company has reviewed the individual contracts and in particular the industries in which the insured companies operate and the actual exposure years of claims. This information is used to develop scenarios related to the latency of claims that are used for the projections of the ultimate number of claims.

The choice of selected results for each accident year of each class of business depends on an assessment of the technique that has been most appropriate to observe historical developments. In certain instances, this means that different techniques or combinations of techniques have been selected for individual accident years or groups of accident years within the same class of business. The Company has an internal actuary, and independent external actuaries are also involved in the valuation of technical reserves of the Company.

Similarly, the assumptions required for individual life business projections are also based on historical experience, wherever available, suitably adjusted to reflect the anticipated or known changes. The Company has an internal actuarial function and involves independent external actuaries in the valuation of technical reserves of the Company.

Claims development process

Claims development tables are disclosed in order to put the unpaid claims estimates included in the financial statements into a context, allowing comparison of the development claims provisions with those seen in previous years.

In effect, the table highlights the Company's ability to provide an estimate of the total value of claims. This table provides a review of current estimates of cumulative claims and demonstrates how the estimated claims have changed at subsequent reporting or accident year ends. The estimate is increased or decreased as losses are paid and more information becomes known about the frequency and severity of unpaid claims. Data in the table related to acquired businesses is included from the acquisition date onwards.

The Company believes that the estimates of total claims outstanding as of the end of 2025 are adequate. However, due to the inherent uncertainties in the reserving process, it cannot be assured that such balances will ultimately prove to be adequate.

In addition to scenario testing, the development of insurance liabilities provides a measure of the Company's ability to estimate the ultimate value of claims. The top half of each table illustrates how the Company's estimate of liability for incurred claims for each accident year has changed at successive year-ends. The bottom half of the table reconciles the cumulative claims to the amount appearing in the statement of financial position. The following tables illustrate the Company's estimate of total liability for incurred claims for the years up to 2025.

26 Insurance risk (continued)*Claims development process (continued)*

The table below illustrates development of the net outstanding and incurred but not reported claims at the end of each year together with cumulative payments subsequent to the year of accident:

Gross insurance contract liabilities at 31 December 2025

	Prior AED	2021 AED	2022 AED	2023 AED	2024 AED	2025 AED	Total AED
At the end of each reporting year							
One year later	-	110,337,407	131,103,386	154,828,862	182,206,746	119,976,150	119,976,150
Two years later	-	110,202,563	104,412,852	123,834,671	153,093,122	-	153,093,122
Three years later	-	119,745,695	108,289,991	132,385,861	-	-	132,385,861
Four years later	-	119,576,060	100,713,899	-	-	-	100,713,899
Reserve in respect to prior years	-	119,541,488	-	-	-	-	119,541,488
Estimate of cumulative claims	174,222,371	-	-	-	-	-	174,222,371
Less: cumulative payments to date	174,222,371	119,541,488	100,713,899	132,385,861	153,093,122	119,976,150	119,976,150
Total reserves included in the statement of financial position	-	(174,222,371)	(119,541,017)	(100,680,997)	(92,671,049)	(99,587,061)	(51,092,334)
Unallocated loss adjustment expenses							
Risk adjustment							15,216,338
Claims payable							131,166,839
Effect of discounting							(6,670,471)
Liability for incurred claims for all lines of business							<u>303,448,180</u>

26 Insurance risk (continued)*Claims development process (continued)***Net insurance contract liabilities at 31 December 2025**

	Prior AED	2021 AED	2022 AED	2023 AED	2024 AED	2025 AED	Total AED
At the end of each reporting year							
One year later	-	32,517,962	35,636,483	29,006,701	38,515,279	32,581,179	32,581,179
Two years later	-	30,172,370	30,846,192	28,184,565	32,758,818	-	32,758,818
Three years later	-	30,399,633	35,820,245	29,367,412	-	-	29,367,412
Four years later	-	30,442,527	31,895,532	-	-	-	31,895,532
Reserve in respect to prior years							
Estimate of cumulative claims	28,084,231	30,435,664	31,895,532	29,367,412	32,758,818	32,581,179	28,084,231
Less: cumulative payments to date	(28,084,231)	(30,370,799)	(31,825,653)	(27,702,110)	(30,074,096)	(20,476,796)	(168,533,685)
Total reserves included in the statement of financial position	-	64,865	69,879	1,665,302	2,684,722	12,104,383	16,589,151
Unallocated loss adjustment expenses							
Risk adjustment							1,597,412
Claims payable							1,547,974
Effect of discounting							98,314,566
Liability for incurred claims for all lines of business							(2,195,375)
							115,853,728

Alliance Insurance P.S.C.

Notes to the financial statements For the year ended 31 December 2025

26 Insurance risk (continued)

Reinsurance risk

As general industry practice and to minimise financial exposure arising from large insurance claims, the Company, in the normal course of business, enters into arrangements with other parties for reinsurance purposes. Such reinsurance arrangements provide for greater diversification of business, allow management to control exposure to potential losses arising from large risks, and provide additional capacity for growth. A significant portion of the reinsurance is affected under treaty, facultative and excess of loss reinsurance contracts.

To minimise its exposure to significant losses from reinsurance insolvencies, the Company evaluates the financial condition of its reinsurance and ensure diversification of reinsurance providers. The Company deals with reinsurance approved by the Board of Directors.

Sensitivities

The liability for incurred claims is sensitive to the key assumptions in the table below. It has not been possible to quantify the sensitivity of certain assumptions such as legislative changes or uncertainty in the estimation process. The following sensitivity analysis shows the impact on gross and net liabilities, net profit, and equity for reasonably possible movements in key assumptions with all other assumptions held constant.

The correlation of assumptions will have a significant effect in determining the ultimate impacts, but to demonstrate the impact due to changes in each assumption, assumptions had to be changed on an individual basis.

Similarly, the liabilities for remaining coverage under the GMM and VFA are also sensitive to certain underlying assumptions and a sensitivity analysis has been performed for key assumptions. The analysis has been performed by changing each key assumption on an individual basis.

It should be noted that movements in these some assumptions are nonlinear. The method used for deriving sensitivity information and significant assumptions did not change from the previous period.

The below tables show the impact of 0.5% change in risk adjustment, discounting and expenses on liability for incurred claims and assets for incurred claims:

Contracts under PAA

	31 December 2025		31 December 2024	
	Impact on Liability / (Asset) AED	Comprehensive income AED	Impact on Liability / (Asset) AED	Comprehensive income AED
Base				
Insurance contract liabilities	302,559,188	-	279,721,870	-
Reinsurance contract assets	(204,578,482)	-	(209,463,501)	-
Net liabilities	<u>97,980,706</u>	-	<u>70,258,369</u>	-
Discount Rates +0.5%				
Insurance contract liabilities	302,295,269	263,918	279,477,873	243,997
Reinsurance contract assets	(204,419,868)	(158,615)	(209,301,098)	(162,402)
Net liabilities	<u>97,875,401</u>	<u>105,303</u>	<u>70,176,775</u>	<u>81,595</u>
Discount Rates -0.5%				
Insurance contract liabilities	302,825,135	(265,948)	279,967,744	(245,874)
Reinsurance contract assets	(204,738,162)	159,680	(209,626,992)	163,492
Net liabilities	<u>98,086,973</u>	<u>(106,268)</u>	<u>70,340,752</u>	<u>(82,382)</u>

Alliance Insurance P.S.C.

Notes to the financial statements For the year ended 31 December 2025

26 Insurance risk (continued)

Sensitivities (continued)

Contracts under PAA (continued)

	31 December 2025		31 December 2024	
	Impact on Liability / (Asset) AED	Comprehensive income AED	Impact on Liability / (Asset) AED	Comprehensive income AED
Base				
Insurance contract liabilities	302,559,188	-	279,721,870	-
Reinsurance contract assets	(204,578,482)	-	(209,463,501)	-
Net liabilities	97,980,706	-	70,258,369	-
Risk Adjustment +0.5%				
Insurance contract liabilities	303,890,452	(1,331,265)	280,952,650	(1,230,780)
Reinsurance contract assets	(205,341,422)	762,939	(210,244,656)	781,156
Net liabilities	98,549,030	(568,326)	70,707,994	(449,624)
Risk Adjustment -0.5%				
Insurance contract liabilities	301,227,923	1,331,265	278,491,090	1,230,780
Reinsurance contract assets	(203,815,545)	(762,939)	(208,682,344)	(781,156)
Net liabilities	97,412,378	568,326	69,808,746	449,624
Contracts not under PAA				
Base				
Insurance contract liabilities	403,472,777	-	416,271,140	-
Reinsurance contract assets	(2,592,103)	-	(4,275,690)	-
Net liabilities	400,880,674	-	411,995,450	-
Discount Rates +0.5%				
Insurance contract liabilities	391,443,169	12,029,607	403,859,947	12,411,193
Reinsurance contract assets	(2,586,875)	5,228	(4,284,315)	8,623
Net liabilities	388,856,294	12,034,835	399,575,632	12,419,816
Discount Rates -0.5%				
Insurance contract liabilities	416,177,797	(12,705,021)	429,379,170	(13,108,031)
Reinsurance contract assets	(2,596,884)	(4,781)	(4,267,805)	(7,886)
Net liabilities	413,580,913	(12,709,802)	425,111,365	(13,115,917)
Risk Adjustment +0.5%				
Insurance contract liabilities	406,958,890	(3,486,114)	419,867,835	(3,596,695)
Reinsurance contract assets	(2,618,517)	26,414	(4,319,261)	43,570
Net liabilities	404,340,373	(3,459,700)	415,548,574	(3,553,125)
Risk Adjustment -0.5%				
Insurance contract liabilities	400,097,247	3,375,529	412,788,537	3,482,603
Reinsurance contract assets	(2,565,689)	(26,414)	(4,232,120)	(43,571)
Net liabilities	397,531,558	3,349,115	408,556,417	3,439,032

Alliance Insurance P.S.C.

Notes to the financial statements For the year ended 31 December 2025

26 Insurance risk (continued)

Sensitivities (continued)

Contracts not under PAA (continued)

	31 December 2025		31 December 2024	
	Liability / (Asset) AED	Impact on Net Profit AED	Liability / (Asset) AED	Impact on Net Profit AED
Base				
Insurance contract liabilities	403,472,777	-	416,271,140	-
Reinsurance contract assets	(2,592,103)	-	(4,275,690)	-
Net liabilities	<u>400,880,674</u>	<u>-</u>	<u>411,995,450</u>	<u>-</u>
Expenses increased by 10%				
Insurance contract liabilities	406,656,666	(3,183,890)	419,556,024	(3,284,885)
Reinsurance contract assets	(2,592,103)	-	(4,275,690)	-
Net liabilities	<u>404,064,563</u>	<u>(3,183,890)</u>	<u>415,280,334</u>	<u>(3,284,885)</u>
Expenses decreased by 10%				
Insurance contract liabilities	400,288,886	3,183,890	412,986,255	3,284,885
Reinsurance contract assets	(2,592,103)	-	(4,275,691)	-
Net liabilities	<u>397,696,783</u>	<u>3,183,890</u>	<u>408,710,564</u>	<u>3,284,885</u>

Concentration of insurance risk

Substantially all of the Company's underwriting activities are carried out in the United Arab Emirates. In common with other insurance companies, in order to minimise financial exposure arising from large insurance claims, the Company, in the normal course of business, enters into arrangement with other parties for reinsurance purposes.

To minimise its exposure to significant losses from reinsurer insolvencies, the Company evaluates the financial condition of its reinsurers and monitors concentrations of credit risk arising from similar geographic regions, activities or economic characteristics of the reinsurers. Reinsurance ceded contracts do not relieve the Company from its obligations to policyholders. The Company remains liable to its policyholders for the portion reinsured to the extent that any reinsurer does not meet the obligations assumed under the reinsurance agreements.

Sensitivity of underwriting profit

The Company does not foresee any adverse change in the contribution of insurance profit due to the following reasons:

- The Company has an overall risk retention level of 32% for the year ended 31 December 2025 (2024: 35%). This is mainly due to low retention levels in general accident, fire and engineering. However, for other lines of business, the Company is adequately covered by reinsurance programs to guard against major financial impact.
- The Company has commission income of AED 17,362,522 in 2025 (2024: AED 14,573,918) predominantly from the reinsurance placement which remains a comfortable source of income.

Alliance Insurance P.S.C.

Notes to the financial statements For the year ended 31 December 2025

27 Capital risk management

The Company's objectives when managing capital are:

- to comply with the insurance capital requirements required by UAE Federal Decree Law No. (6) of 2025;
- to safeguard the Company's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- to provide an adequate return to shareholders by pricing insurance contracts commensurately with the level of risk.

In U.A.E., Central Bank of the United Arab Emirates ("CBUAE") specifies the minimum amount and type of capital that must be held by the Company in addition to its insurance liabilities. The minimum required capital (presented in the table below) must be maintained at all times throughout the year.

As per Article (8) of Section (2) of financial regulations issued for insurance companies in UAE, the Company shall at all times comply with the requirement of solvency margins.

The solvency position of the Company as at 30 September 2025 and 31 December 2024 is presented below. The Company has presented the solvency position as of 30 September 2025 which is the latest available solvency position as of the date of approval of these financial statements. As of 30 September 2025, the Company had a SCR solvency surplus of AED 282.82 million (31 December 2024: AED 293.79 million) as compared to the Minimum Capital requirements of AED 100 million (31 December 2024: AED 100 million).

The table below summarises the Minimum Capital Requirement, Minimum Guarantee Fund and Solvency Capital Requirement of the Company and the total capital held to meet these solvency margins as defined in the Regulations. In accordance with Circular No. CBUAE/BIS/2025/6143 of CBUAE dated 12 November 2025, the Company has disclosed the solvency position for the immediately preceding period as the current year solvency position is not yet finalised.

	Unaudited	
	30 September	31 December
	2025	2024
	AED	AED
Minimum Capital Requirement (MCR)	100,000,000	100,000,000
Solvency Capital Requirement (SCR)	177,990,952	170,763,137
Minimum Guarantee Fund (MGF)	59,330,317	56,921,046
Basic Own Funds	460,810,859	464,554,812
MCR Solvency Margin - Minimum Capital Requirement - Surplus	360,810,859	364,554,812
SCR Solvency Margin - Solvency Capital Requirement - Surplus	282,819,907	293,791,675
MGF Solvency Margin - Minimum Guarantee Fund - Surplus	401,480,542	407,633,767

Alliance Insurance P.S.C.

Notes to the financial statements For the year ended 31 December 2025

28 Fair value measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 the fair value of financial instruments traded in an active market is based on quoted market prices at the end of the reporting year. The quoted market price used for financial assets held by the company is the current bid price. These instruments are included in Level 1.
- Level 2 the fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are unobservable, the instrument is included in Level 2.
- Level 3 if one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

Valuation techniques and assumptions applied for the purposes of measuring fair value

The fair values of financial assets and financial liabilities are determined using the same valuation techniques and assumptions as those used for the year ended 31 December 2024.

Fair value of the Company's financial assets that are measured at fair value on recurring basis

Some of the Company's financial assets are measured at fair value at the end of the reporting period. The following table gives information about how the fair values of these financial assets are determined.

Financial assets	Fair value as at		Fair value hierarchy	Valuation techniques	Significant and key unobservable inputs	Relationship of inputs to fair value
	31 December 2025	31 December 2024				
FVOCI:						
Quoted equity securities	12,777,340	7,709,234	Level 1	Quoted bid prices in an active market	None	N/A

There were no transfers between levels during the year. There are no financial liabilities which should be measured at fair value and accordingly no disclosure is made in the above table.

29 Financial risk

The Company is exposed to a range of financial risks through its financial assets, financial liabilities, reinsurance assets and insurance liabilities. In particular, the key financial risk is that in the long-term its investment proceeds are not sufficient to fund the obligations arising from its insurance contracts. The most important components of this financial risk are market risk (which includes: foreign currency risk, equity and debt price risk and interest rate risk), credit risk, liquidity risk and operational risk.

Alliance Insurance P.S.C.

Notes to the financial statements For the year ended 31 December 2025

29 Financial risk (continued)

Market risk

Market risk is the risk the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Company's market risks may arise from open positions in (a) foreign currencies and (b) interest bearing assets and liabilities, to the extent they are exposed to general and specific market movements. Management sets limits on the exposure to currency and interest rate risk that may be acceptable, which are monitored on a regular basis.

Market risk exposures are measured using sensitivity analysis. There has been no change to the Company's exposure to market risks or the manner in which it manages and measures the risk.

Foreign currency risk

There are no significant exchange rate risks as all monetary assets and monetary liabilities are denominated in Arab Emirates Dirhams, other G.C.C. currencies or US Dollars to which the Dirham is fixed. Management believes that there is a minimal risk of significant losses due to exchange rate fluctuations and consequently the Company has not hedged its foreign currency exposure.

Equity price risk

Equity and debt price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual security, or its issuer, or factors affecting all securities traded in the market. The Company is exposed to equity and debt price risk with respect to its quoted equity and debt investments. The Company limits equity and debt price risk by maintaining a diversified portfolio and by continuous monitoring of developments in the market. In addition, the Company actively monitors the key factors that affect stock and market movements, including analysis of the operational and financial performance of investees.

Sensitivity analysis

At the end of the reporting period, if the equity prices are 10% higher/lower as per the assumptions mentioned below and all the other variables were held constant, the Company's:

- Other comprehensive income and equity would have increased/decreased by AED 1,277,734 (2024: AED 770,923).

Method and assumptions for sensitivity analysis

- The sensitivity analysis has been done based on the exposure to equity price risk at the reporting date.
- At the end of the reporting period, if equity prices are 10% higher/lower on the market value uniformly for all equities while all other variables are held constant, the impact on profit or loss and equity has been shown above.

A 10% change in equity prices has been used to give a realistic assessment as a plausible event. Company does not have any impact on profit or loss due to sensitivity of equity prices.

Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect the finance income or finance cost of the Company. The Company is not significantly exposed to interest rate risk on its financial investments in debt instruments and fixed deposits since they carry fixed interest rates. As such, the Company's income and operating cash flows are substantially independent of changes in market interest rates.

The Company generally manages to finalise the interest rate risk by closely monitoring the market interest rates and investing in those financial assets in which such risk is expected to be minimal.

Alliance Insurance P.S.C.

Notes to the financial statements For the year ended 31 December 2025

29 Financial risk (continued)

Interest rate risk (continued)

The Company is exposed to interest rate risk on the following for the business being measured under PAA:

- (i) Liability for incurred claims; and
- (ii) Amount recoverable for incurred claims.

For the business not being measured under the PAA the Company is exposed to interest rate risk on both the assets/liabilities for remaining coverage and the assets/liabilities for incurred claims.

The Company's exposure to interest rate risk relates to its fixed deposits/statutory deposits, debt instruments and loans guaranteed by life insurance policies. At 31 December 2025, fixed deposits/statutory deposits carried interest at the range of 3.5% to 4.9% per annum (2024: 2.85% to 5.75% per annum). At 31 December 2025, debt instruments carried interest at the range of 4.75% to 7.50% per annum (2024: 4.75% to 7.50% per annum).

At 31 December 2025, loans guaranteed by life insurance policies carried interest of 8% per annum (2024: 8% per annum).

Credit risk

Credit risk refers to the risk that a counter party will default on its contractual obligations resulting in financial loss to the Company.

Key areas where the Company is exposed to credit risk are:

- reinsurance contract assets;
- amounts due from reinsurers in respect of claims already paid;
- amounts due from insurance contract holders;
- amounts due from insurance intermediaries;
- amounts due from other insurance companies;
- investments in debt instruments;
- cash and cash equivalents excluding cash in hand; and
- fixed deposits

The Company has adopted a policy of dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. The Company's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by management annually.

Reinsurance is used to manage insurance risk. This does not, however, discharge the Company's liability as primary insurer. If a reinsurer fails to pay a claim for any reason, the Company remains liable for the payment to the policyholder. The creditworthiness of reinsurers is considered on an annual basis by reviewing their financial strength prior to finalisation of any contract.

The Company maintains records of the payment history for significant contract holders with whom it conducts regular business. The exposure to individual counterparties is also managed by other mechanisms, such as the right of offset where counterparties are both debtors and creditors of the Company. Management information reported to the Company includes details of provisions for impairment on insurance receivables and subsequent write-offs. Exposures to individual policyholders and groups of policyholders are collected within the ongoing monitoring of the controls. Where there exists significant exposure to individual policyholders, or homogenous groups of policyholders, a financial analysis equivalent to that conducted for reinsurers is carried out by the Company.

Insurance receivables consist of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of insurance receivable.

Alliance Insurance P.S.C.

Notes to the financial statements For the year ended 31 December 2025

29 Financial risk (continued)

Credit risk (continued)

The Company has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers. The Company defines counterparties as having similar characteristics if they are related entities. The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The carrying amount of financial assets recorded in the financial statements, which is net of impairment losses, represents the Company's maximum exposure to credit risk.

Liquidity risk

Liquidity risk refers to the risk that an entity will encounter difficulty in meeting obligations associated with its financial liabilities at maturity date. Ultimate responsibility for liquidity risk management rests with the management, which has built an appropriate liquidity risk management framework for the management of the Company's short, medium and long-term funding and liquidity management requirements.

The Company manages liquidity risk by maintaining adequate reserves by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities to ensure that funds are available to meet its commitments for liabilities as they fall due.

The table below summarises the maturity profile of the Company's financial assets, financial liabilities, insurance contract liabilities and reinsurance contracts assets held. The maturity analysis has been presented on a contractual undiscounted cash flow basis except for insurance contract liabilities and reinsurance contract assets held which have been presented on their expected cash flows.

The contractual maturities of the financial instruments have been determined on the basis of the remaining period at the reporting date to the contractual maturity date. The maturity profile is monitored by management to ensure adequate liquidity is maintained.

	Less than 1 year AED	1-5 years AED	5+ years AED	No maturity AED	Total AED
31 December 2025					
Financial assets					
Investments at amortised cost	96,677,016	224,036,334	-	-	320,713,350
Investments carried at FVOCI	-	-	-	12,777,340	12,777,340
Other receivables (excluding prepayments)	24,795,027	-	-	-	24,795,027
Fixed deposits	418,196,451	3,116,298	-	-	421,312,749
Statutory deposits	-	-	-	10,000,000	10,000,000
Cash and cash equivalents	37,814,275	-	-	-	37,814,275
	577,482,769	227,152,632		22,777,340	827,412,741
Financial liabilities					
Other payables (excluding unearned rental income)	6,585,499	-	-	-	6,585,499
	6,585,499				6,585,499

Alliance Insurance P.S.C.

Notes to the financial statements
For the year ended 31 December 2025

29 Financial risk (continued)

Liquidity risk (continued)

	Less than 1 year AED	1-5 years AED	5+ years AED	No maturity AED	Total AED
31 December 2024					
Financial assets					
Investments at amortised cost	143,142,128	174,616,130	-	-	317,758,258
Investments carried at FVOCI	-	-	-	7,709,234	7,709,234
Other receivables (excluding prepayments)	27,348,687	-	-	-	27,348,687
Fixed deposits	441,629,680	3,169,193	-	-	444,798,873
Statutory deposits	-	-	-	10,000,000	10,000,000
Cash and cash equivalents	10,739,777	-	-	-	10,739,777
	622,860,272	177,785,323		17,709,234	818,354,829
Financial liabilities					
Other payables (excluding unearned rental income)	9,967,739	-	-	-	9,967,739
	9,967,739				9,967,739
	Less than 1 year AED	2-5 years AED	5+ years AED		Total AED
31 December 2025					
Reinsurance contract assets (Net)	201,350,319	2,782,007	3,038,259	207,170,585	
Insurance contract liabilities (Net)	355,763,065	151,216,704	199,052,196	706,031,965	
	Less than 1 year AED	2-5 years AED	5+ years AED		Total AED
31 December 2024					
Reinsurance contract assets (Net)	207,734,385	2,870,214	3,134,592	213,739,191	
Insurance contract liabilities (Net)	350,704,528	149,066,578	196,221,904	695,993,010	

Operational risk

Operational risk is the risk of loss arising from system failures, human error, fraud or external events. When controls fail to perform, operational risk can cause damage to reputation, have legal or regulatory implications, or lead to financial loss. The Company cannot expect to eliminate all operational risks, but through a control framework and by monitoring and responding to potential risks, the Company is able to manage the risks. Controls include effective segregation of duties, access, authorisation, and reconciliation procedures, staff education and assessment processes.

Alliance Insurance P.S.C.

Notes to the financial statements
For the year ended 31 December 2025

30 Segment information

For management purposes, the Company is organised into two business segments, property and liability insurance (general insurance) and insurance of persons and fund accumulation operations (life assurance). The general insurance segment comprises motor, marine, fire, engineering, medical, and general accident. The life assurance segment includes only long-term life and group life. These segments are the basis on which the Company reports its primary segment information. Segment-wise information is disclosed below:

	For the year ended 31 December 2025		
	Life and Medical AED	General AED	Total AED
Insurance revenue	106,102,251	224,739,075	330,841,326
Insurance service expenses	(110,251,869)	(62,248,402)	(172,500,271)
Insurance service result before reinsurance contracts held	(4,149,618)	162,490,673	158,341,055
Net expense from reinsurance contracts held	(5,150,781)	(170,645,627)	(175,796,408)
Insurance service result	(9,300,399)	(8,154,954)	(17,455,353)
Income from financial investments	23,439,743	17,484,522	40,924,265
Income from investment properties - net	15,112,758	13,723,766	28,836,524
Total investment income	38,552,501	31,208,288	69,760,789
Insurance finance expense	(11,237,915)	(2,659,731)	(13,897,646)
Reinsurance finance income	71,829	2,675,759	2,747,588
Financial insurance result	(11,166,086)	16,028	(11,150,058)
Foreign currency exchange gain	238,161	77,186	315,347
Other income	564,538	2,338,544	2,903,082
Unattributable expenses	(1,899,606)	(1,899,606)	(3,799,212)
Net profit for the year before tax	16,989,109	23,585,486	40,574,595

Alliance Insurance P.S.C.

Notes to the financial statements
For the year ended 31 December 2025

30 Segment information (continued)

	For the year ended 31 December 2024		
	Life and Medical AED	General AED	Total AED
Insurance revenue	112,489,150	215,034,119	327,523,269
Insurance service expenses	(118,771,183)	(91,604,428)	(210,375,611)
Insurance service result before reinsurance contracts held	(6,282,033)	123,429,691	117,147,658
Net expense from reinsurance contracts held	(8,945,973)	(140,491,500)	(149,437,473)
Insurance service result	(15,228,006)	(17,061,809)	(32,289,815)
Income from financial investments	27,730,809	20,088,157	47,818,966
Income from investment properties - net	16,253,076	10,868,185	27,121,261
Total investment income	43,983,885	30,956,342	74,940,227
Insurance finance expense	(11,325,644)	(1,311,472)	(12,637,116)
Reinsurance finance income	107,444	402,070	509,514
Financial insurance result	(11,218,200)	(909,402)	(12,127,602)
Foreign currency exchange gain	286,480	59,038	345,518
Other income	94,294	2,174,008	2,268,302
Unattributable expenses	(1,669,726)	(1,669,725)	(3,339,451)
Net profit for the year	16,248,727	13,548,452	29,797,179

The following is an analysis of the Company's assets, liabilities and equity classified by segment:

	Life and Medical AED	General AED	Total AED
As at 31 December 2025			
Total assets	593,081,890	706,459,482	1,299,541,372
Total equity	151,205,445	422,455,972	573,661,417
Total liabilities	441,876,445	284,003,510	725,879,955
As at 31 December 2024			
Total assets	619,980,998	660,946,013	1,280,927,011
Total equity	176,870,672	387,308,944	564,179,616
Total liabilities	443,110,326	273,637,069	716,747,395

Alliance Insurance P.S.C.

Notes to the financial statements For the year ended 31 December 2025

30 Segment information (continued)

Gross written premium

Details relating to gross written premium are disclosed below to comply with the requirements of CBUAE and are not calculated as per the requirements of IFRS 17.

31 December 2025	Life	Fund	Medical	Property &	All types of
	Insurance	Accumulation	Insurance	Liability	Business Combined
	AED	AED	AED	AED	AED
Direct Written Premiums	83,355,864	-	62,555,736	234,667,613	380,579,213
Assumed Business					
Foreign	-	-	-	-	-
Local	-	-	10,125	109,768	119,893
Total Assumed Business	-	-	10,125	109,768	119,893
Gross Written Premiums	83,355,864	-	62,565,861	234,777,381	380,699,106

31 December 2024	Life	Fund	Medical	Property &	All types of
	Insurance	Accumulation	Insurance	Liability	Business Combined
	AED	AED	AED	AED	AED
Direct Written Premiums	91,140,883	-	40,008,852	211,593,200	342,742,935
Assumed Business					
Foreign	-	-	-	-	-
Local	-	-	220,893	386,105	606,998
Total Assumed Business	-	-	220,893	386,105	606,998
Gross Written Premiums	91,140,883	-	40,229,745	211,979,305	343,349,933

31 Income tax expense

The major components of tax expense and the reconciliation of the expected tax expense based on the UAE tax rate of 9% (2024: 9%) and the reported tax expense in profit or loss is as follows:

	2025	2024
	AED	AED
Income statement:		
Current tax	<u>3,616,593</u>	<u>2,616,751</u>
Statement of comprehensive income		
Current tax	<u>2,270,155</u>	<u>1,238,221</u>
Deferred tax	<u>1,346,438</u>	<u>1,378,530</u>
Relationship between tax expense and accounting profit:		
Profit for the year before taxation	<u>40,574,595</u>	<u>29,797,179</u>
Basic exemption limit	<u>(375,000)</u>	<u>(375,000)</u>
Tax applicable profit	<u>40,199,595</u>	<u>29,422,179</u>
Tax at the applicable rate of 9%	<u>(3,617,964)</u>	<u>(2,647,996)</u>
Effect of items that are not considered in determining taxable income - net		
Exempt income	<u>40,457</u>	<u>40,152</u>
Non-deductible expenses	<u>(39,086)</u>	<u>(8,907)</u>
Income tax expense	<u>(3,616,593)</u>	<u>(2,616,751)</u>
Profit for the year after taxation	<u>36,958,002</u>	<u>27,180,428</u>

Alliance Insurance P.S.C.

Notes to the financial statements For the year ended 31 December 2025

32 Dividend and Directors' remuneration

At the Annual General Meeting held on 28 April 2025, the Shareholders approved a cash dividend of AED 30 million at AED 30 per share for 2024 (2024: AED 30 million at AED 30 per share for 2023) and Board of Directors' remuneration of AED 1,062,555 for 2024 (2024: AED 1,500,000 for 2023).

33 Subsequent events

There have been no events subsequent to the statement of financial position date that would significantly affect the amounts reported in the financial statements as at and for the year ended 31 December 2025.

34 Approval of the financial statements

These financial statements were approved by the Board of Directors and authorised for issue on 17 February 2026.

35 Comparatives

Certain prior period amounts have been updated to conform to current year's presentation. Such regrouping did not affect previously reported profit for the year or equity.