

Integrated Report 2025

Alliance Insurance P.S.C

Insuring a Resilient  
Tomorrow

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# About the Report

Alliance Insurance P.S.C. (“Alliance”) is pleased to present its fifth Annual Integrated Report for the Financial Year 2025. This report provides a deep-dive analysis of the Company’s financial and sustainability performance and illustrates our stakeholder value creation model. By integrating Environmental, Social, and Governance (ESG) metrics with our audited Financial Statements and Corporate Governance Report, we provide a holistic view of our progress and strategic direction.

## Reporting Period

The data and insights presented in this report cover the fiscal period from January 1 to December 31, 2025, unless otherwise mentioned.

## Reporting Boundary

The reporting boundary includes our headquarters at Warba Centre, and five branches across the UAE- two located in Dubai, and one each in Abu Dhabi, Sharjah, and Ras Al Khaimah. Alliance Insurance maintains no subsidiaries, and operational control has been used as the parameter for defining the reporting boundary.

## Alignment with Standards

This report has been prepared with reference to the Global Reporting Initiative (GRI) Standards, and the International Integrated Reporting Framework guidelines have been used as the base for structuring the report. Additionally, the report also complies with the ESG metrics developed by the Dubai Financial Market (DFM) and reflects our ongoing commitment towards achievement of the United Nations Sustainable Development Goals (UN SDGs).

## Assurance

To ensure integrity of our reporting, the sustainability-related data has been reviewed and verified by the Company’s internal audit department. Financial information is derived from the annual financial statements, which have been independently audited by a globally recognized auditing firm. As of this reporting period, external assurance for sustainability-specific metrics has not been undertaken.

## Contact

We appreciate any feedback that you may have about this report. Please reach out to us should you require any further information about any of the aspects mentioned in the report. Our contact details are:

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Phone: +971 4 605 1111

## Forward Looking Statements

Alliance continuously follows up with the changes in the market and evolving nature of the risks.

Emerging Risk framework included in the ORSA policy and procedure for the forward-looking risk aspect of the company.

Digital Transformation and Cybersecurity: Alliance Insurance is poised to lead the digital transformation within the insurance sector, aiming to enhance customer experience and operational efficiency. However, this digital shift brings the forefront of cybersecurity risks, requiring constant vigilance and adaptive risk management strategies.

Climate Change and Sustainability: As part of our commitment to sustainability, Alliance Insurance is integrating climate risk assessments into our risk management framework. We anticipate that the increasing frequency and severity of weather-related events will have a significant impact on underwriting strategies and claims management.

Regulatory Evolution: The evolving regulatory landscape, particularly around solvency and consumer protection, will drive Alliance Insurance to continuously adapt our risk management practices to not only comply with new regulations but to exceed them, ensuring robust financial health and consumer trust.

# Chairman's Address: Creating Sustainable Value

At Alliance Insurance, we recognize the growing importance of environmental, social, and governance ESG consideration in shaping the modern business landscape. As a company operating in the UAE, we are deeply mindful of our responsibilities, not only to our employees and stakeholders but also to the wider communities in which we operate. We understand that sustainable business practices are no longer optional; they are essential to creating long term value and trust.

While our ESG journey is ongoing, we are firmly committed to embedding responsible practices across all areas of our operations. This includes minimizing our environmental footprint through efficient resource management, promoting ethical governance and transparency, supporting diversity and inclusion, and actively contributing to social initiatives that benefit our communities. We are continually exploring innovative ways to enhance our positive impact while maintaining the highest standards of business integrity.

Looking ahead, we remain dedicated to strengthening our ESG framework, guided by principles that prioritize long-term sustainability, ethical decision making, and responsible corporate citizenship. Our aim is to continue learning, evolving, and taking meaningful steps that align with the expectations of our stakeholders, support societal wellbeing, and reinforce our role as a responsible corporate citizen.

I would like to extend our sincere gratitude to all our employees, clients and stakeholders for their continued support and engagement as we advance on this journey. We are confident that through collective effort and commitment, our ESG initiatives will translate into tangible positive outcomes, benefiting not just our business, but the wider community and environment in the years ahead.

*Alblooshi*

Mr. Matar Mohamed Murad Alblooshi  
(Chairman)



*We are continually exploring innovative ways to enhance our positive impact while maintaining the highest standards of business integrity.*

# Statement from the General Manager

In today's changing business environment, strong and resilient companies are those that adapt responsibly and focus on long-term value. At Alliance Insurance, sustainability supports how we run our business and manage risks, without taking priority over our core insurance operations.

During 2025, we continued to apply sustainability in a practical and balanced way. Our ongoing digital initiatives made it easier for customers to access our services, improved operational efficiency, and helped control costs, while also reducing our environmental impact.

Our employees remain our greatest strength. We maintained progress on Emiratization in line with CBUAE requirements and continued to provide development and leadership opportunities across the organization. We also remained committed to supporting our communities by working more closely with local businesses and initiatives.

We continued to improve our environmental practices during the year, including better use of resources and expanded recycling efforts across our operations. Despite competitive market conditions and rising costs, Alliance Insurance remained resilient, supported by a strong and stable business model.

While sustainability is not our main focus, it remains an important principle that supports long-term growth. By applying it in a balanced way, we continue to support the UAE Vision 2031 and create value for our stakeholders and the communities we serve.

*Al Mughrabi*

Mr. Rami A. Al Mughrabi  
General Manager



*We maintained progress on Emiratization in line with CBUAE requirements and continued to provide development and leadership opportunities across the organization.*



## WHO WE ARE

# Company Profile

Alliance Insurance (PSC) (“the Company”) stands as a foundational pillar of the United Arab Emirates’ financial services sector, tracing its origins back to 1975, when it was first established in Dubai as the “Credit and Commerce Insurance Company”.

Alliance Insurance was incorporated in Dubai on January 6, 1982, as a limited liability company and subsequently became a PSC in January 1995, in accordance with the United Arab Emirates (UAE) Federal Commercial Companies Law No. (8) of 1984 (as amended). The major business operations of The Company is to underwrite all classes of general, life and health insurance business in accordance with the provisions of the UAE Federal Law 48 of 2023 relating to insurance companies and insurance agents & UAE Federal Decree-Law No. (6) of 2025 Regarding the Central Bank, Regulation of Financial Institutions and Activities, and Insurance Business.

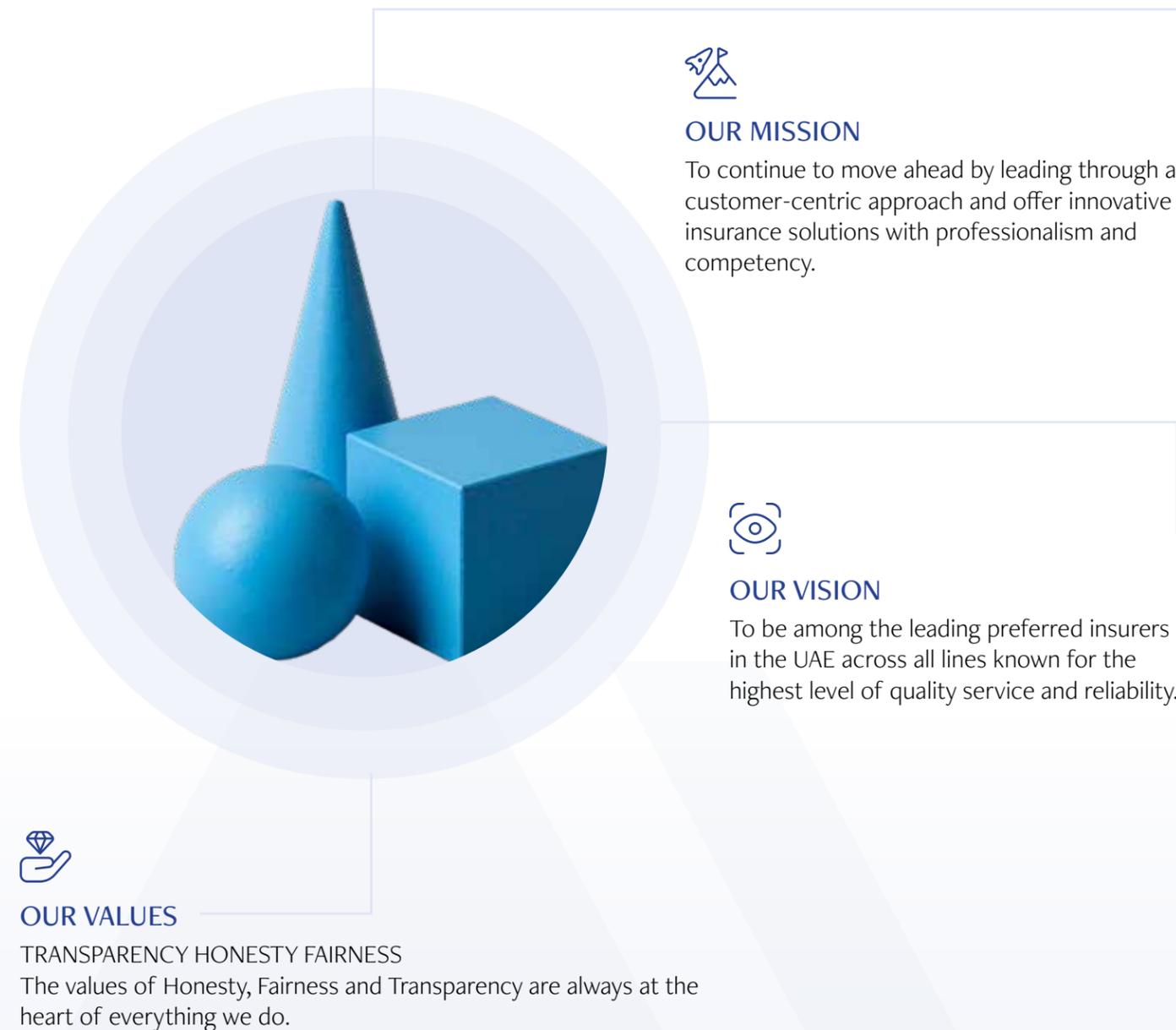
In 2025, Alliance proudly celebrated five decades of service, a milestone that mirrors the UAE’s own remarkable journey of development and prosperity. For fifty years, the Company has remained at the vanguard of the insurance industry, contributing to the nation’s socio-economic fabric through a robust and expansive network of branches. Our contemporary portfolio of insurance products is a testament to this legacy, reflecting a steadfast commitment to the core values of exceptional customer service, financial security, and operational reliability that have defined our brand since its inception.

In a highly competitive market, Alliance stands out through its reputation for excellence. This is built upon consistently prioritizing customer satisfaction and satisfying our customers’ unique needs. Innovation is embedded within the Company’s culture, supporting our commitment to continually enhancing our offering.

A major factor in the Company’s success is the development of strategic partnerships with globally recognized reinsurers. Such partnerships build confidence among our clients and investors, assuring them that their interests are safeguarded. Together with our expert team, this has enabled Alliance to become the trusted partner of choice for a range of clients, who can be confident in our capacity to deliver unparalleled advice and services, setting a benchmark in the insurance industry.



# Vision, Mission, Values



## Business Services



Motor Insurance



General Insurance

Alliance Insurance's service lines comprise of four major verticals



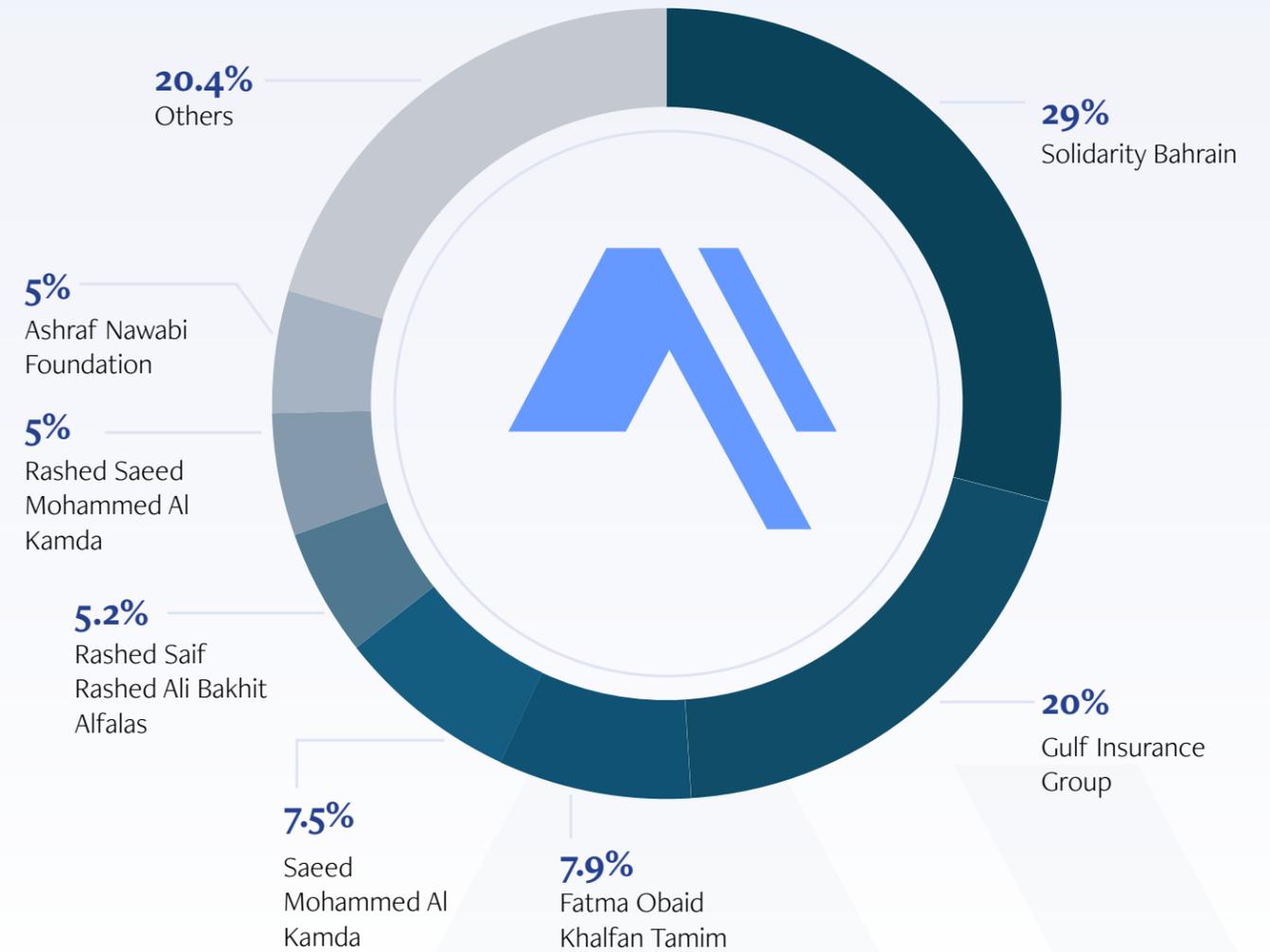
Medical Insurance



Life Assurance

Please refer to our website for a detailed description of our services within each of the verticals.

## Organizational Shareholding Structure



## Membership of Associations



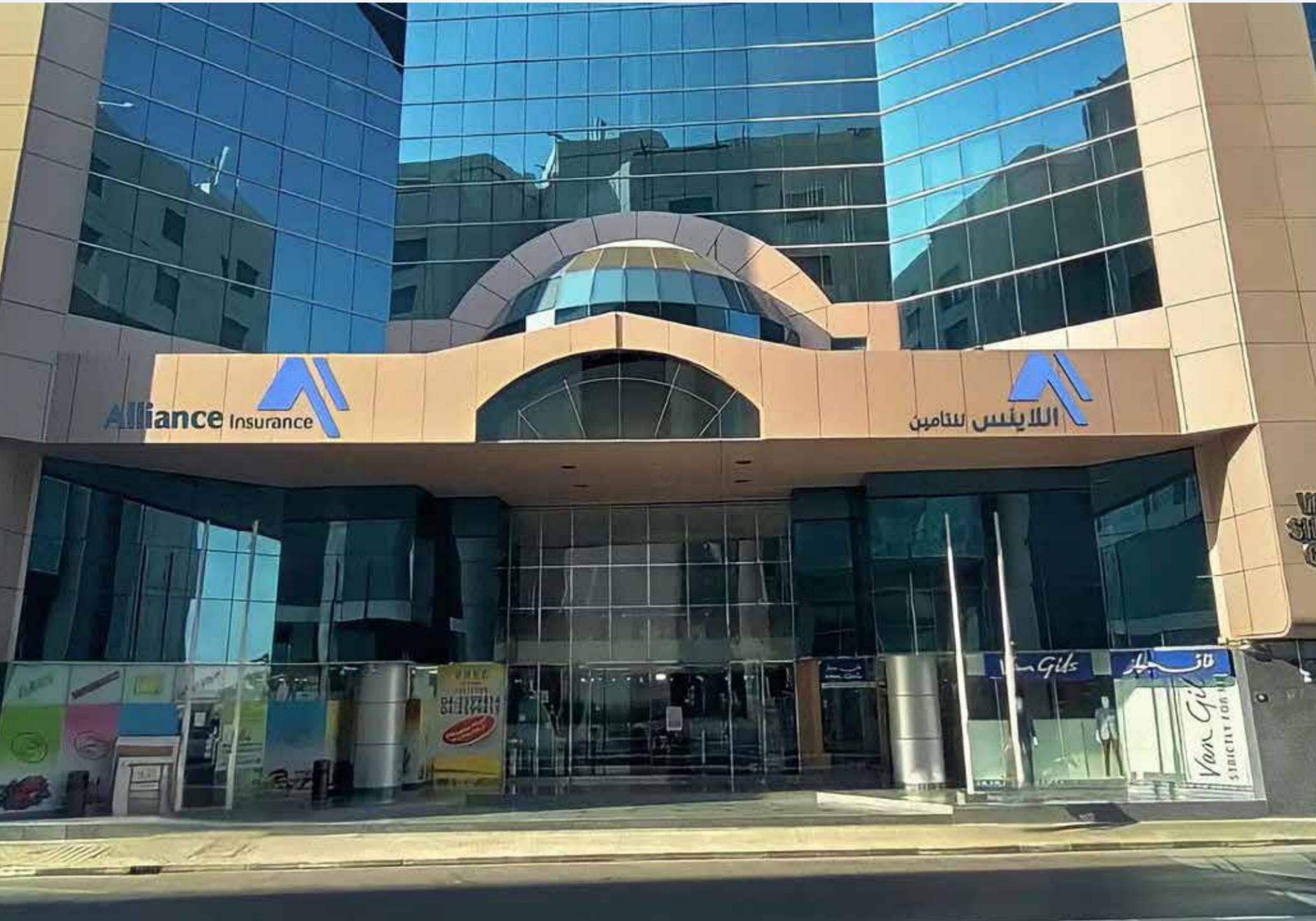
The Emirates Insurance Federation (EIF) works towards promoting cooperation between member insurance companies and agents, and to study the needs of the U.A.E. insurance sector.



The General Arab Insurance Federation (GAIF) works towards contributing to the development of the Arab Insurance sector by enhancing the relationships between insurance markets and institutions and protecting the interests of its members.



AM Best, the world's first credit rating agency has consistently awarded us with an 'A-' (Excellent) financial strength rating and an 'A-' credit rating for the past 19 years.



## STRATEGY & OUTLOOK

# Business Strategy and Outlook

## STRATEGIC FOCUS

To maintain our position as a leader in the UAE insurance sector, Alliance focuses on a multi-dimensional strategy designed for resilience and growth. Our leadership has identified six key focus areas that serve as the catalysts for our evolution:

We ensure **Financial Strength** while simultaneously **Enhancing the Customer Journey**. By **Embedding ESG** into our DNA and working towards **Digitizing our Infrastructure**, we aim to create an agile platform for innovation. Central to this journey is our ongoing focus on **Human Capital and Emiratization**, all of which collectively work to support the continued development of the **Alliance Brand** for generations to come.

### 6 key focus areas



Financial Strength



Enhancing the Customer Journey



Embedding ESG



Digitizing our Infrastructure



Human Capital and Emiratization



Alliance Brand

## RISK GOVERNANCE

### Risk Governance

Alliance's risk governance framework is designed to ensure disciplined oversight, clear accountability, and effective decision-making across the organization. The framework is embedded at Board and executive levels, aligning risk ownership with strategic objectives and regulatory expectations.

### Governance Structure & Oversight

Ultimate responsibility for risk oversight rests with the Board of Directors, which delegates formal supervision to the Risk Committee. The Risk Committee provides independent oversight of Alliance's risk profile, risk appetite, and material exposures, and ensures that risk considerations are fully integrated into strategic and operational decisions.

The Committee regularly reviews risk reports, stress-testing outcomes, and emerging risk assessments, and challenges management on the adequacy of controls, capital strength, and resilience measures.

### Risk Appetite & Accountability

Alliance maintains a clearly articulated risk appetite framework approved by the Board. This framework defines acceptable risk boundaries across financial, operational, technological, and strategic dimensions, guiding management actions and business decisions.

Executive management is accountable for implementing risk policies, maintaining effective controls, and escalating material risks in a timely manner. Risk ownership is clearly assigned across the first line of defence, supported by independent risk oversight and assurance functions.

### Monitoring, Escalation & Resilience

Risk governance at Alliance emphasizes early identification and escalation of material risks. Regular stress testing, scenario analysis, and capital and liquidity assessments are conducted under the oversight of the Risk Committee to evaluate the organization's ability to withstand severe but plausible events.

Business continuity and disaster recovery arrangements are governed through formal policies and periodic reviews, ensuring operational resilience and data integrity during disruptive incidents.

### Governance of Emerging & Macro Risks

The Risk Committee oversees the identification and governance of emerging and external risks that could materially affect Alliance's long-term strategy, including: Climate-related risks, incorporating physical and transition considerations into governance and decision frameworks. Macroeconomic risks, including inflation, interest rate movements, and currency volatility.

Geopolitical developments, with implications for regulatory compliance and market stability. Health and pandemic risks, supported by governance lessons learned from prior global events.

The UAE insurance sector continues to demonstrate remarkable resilience and expansion, underpinned by a robust national economy and a clear vision for social and financial stability. As the industry matures, Alliance seeks to remain well-positioned, aligning its strategic priorities with the evolving demographic and regulatory evolution of the nation.

### Regulatory Evolution & Digital Acceleration

The Central Bank of the UAE (CBAE) has spearheaded a transformative regulatory agenda. Reforms focusing on transparency, stringent consumer protection, and solvency have fortified the sector's stability.

#### DIGITAL INNOVATION

This regulatory shift has coincided with a period of rapid digitalization. Alliance has embraced this trend and has started to utilize advanced tech-stacks to streamline operations, enhance the customer journey, and launch innovative, data-driven products.

#### BROKER'S REGULATION

Regulatory developments affecting conduct requirements, continue to shape the Company's governance and oversight frameworks.

#### OPEN FINANCE/INSURANCE

Alliance monitors and assesses emerging regulatory frameworks relating to Open Finance and Open Insurance, with a focus on data governance, customer consent, and regulatory readiness which is expected to be into force by March 2027.

## NAVIGATING CHALLENGES THROUGH DIVERSIFICATION

While the marketplace offers significant potential, it is not without complexities. Increasing competition, pricing pressures, and the rising costs of regulatory compliance require a disciplined strategic response.

- **Portfolio Agility:** To mitigate these headwinds, Alliance has historically maintained a diversified portfolio approach and continues to adapt its offerings
- **ESG Integration:** In alignment with global and national sustainability mandates, we are increasingly considering integrating Environmental, Social, and Governance (ESG) factors into our underwriting, risk management, and investment frameworks.

## OUTLOOK: POSITIONED FOR SUSTAINABLE GROWTH

In summary, the UAE insurance market is entering a sophisticated new era. Despite the presence of competitive pressures, the combination of demographic tailwinds, technological advancement, and a gold-standard regulatory environment creates a fertile ground for growth.



## GOVERNANCE & RISK OVERSIGHT

## GOVERNANCE PHILOSOPHY

At Alliance Insurance, we recognize that the transition from a stable present to a resilient future requires more than just regulatory adherence. In 2025, our governance framework matured into a model of Responsible Management, where the Board of Directors (BoD) increasingly considers Environmental, Social, and Governance (ESG) factors as important elements of their Fiduciary Duty. This signifies that governance is no longer a peripheral “check-box” exercise but a core driver of Governance Maturity and long-term value creation.

By focusing on Materiality Alignment, the Board ensures that Alliance’s strategic direction is informed by the key economic, environmental, and social considerations relevant to the Company’s activities. Our approach reflects consideration of the Precautionary Principle, ensuring that potential risks particularly those related to climate and data are addressed through appropriate governance mechanisms and forward-looking oversight.

## THE BOARD OF DIRECTORS

The Board of Directors, as the highest governance body of Alliance, assumes ultimate fiduciary responsibility for the company, including oversight of its strategic direction, financial soundness, and risk appetite, in alignment with DFM and CBUAE requirements.

The Board ensures robust structural independence through the separation of the Chairman and General Manager (GM) functions, ensuring clear distinction between oversight and management.

The Board is composed of members with a diverse and complementary skill set, including expertise in insurance, financial management, and regulatory compliance. The Board, in 2025, includes five Independent Members, which supports in objective decision-making.

Due to a pronounced volume of strategic imperatives such as the changes in Board composition during the period, the Board convened twelve times throughout the 2025 cycle.

The Company considers Board diversity an important factor in meeting the fit and proper requirements mandated by the Central Bank of the UAE (CBUAE). In addition, female representation at Board level is recognised as a key consideration under applicable corporate governance regulations issued by both the Capital Market Authority (CMA) and the CBUAE.

The Board operates on a three-year election cycle. The current Board cycle (2024–2026) was elected at the Annual General Meeting (AGM) in accordance with the applicable CMA Corporate Governance Regulations and approved by CBUAE. The next Board election is expected to take place at the AGM in 2027.

*Please refer to the Corporate Governance section of this report for details about the Board Members, including their leadership credentials.*

## BOARD COMMITTEES

To ensure specialized oversight, robust accountability, and the long-term sustainability of our business model, the Board of Directors has delegated specific responsibilities to three standing committees. These committees serve as vital pillars of our governance framework, providing the in-depth scrutiny necessary to protect and enhance our Financial, Intellectual, Human, and Natural Capitals.

### Board Audit Committee (BAC)

The Audit Committee is fundamental to upholding the integrity of Alliance Insurance’s financial reporting and the efficacy of its internal control systems. Its primary mandate is to assure all stakeholders regarding the Company’s financial reliability and transparency.

#### Key Responsibilities

Oversight of internal and external audit functions, monitoring the integrity of financial statements, and ensuring rigorous compliance with the CBUAE and CMA regulations.

#### Composition & Expertise

Chaired by an Independent Director, the committee comprises members with significant financial, accounting, and legal expertise, ensuring rigorous scrutiny of the Company’s fiscal health.

### Board Risk Committee (BRC)

The BRC is tasked with the critical oversight of the Company’s Enterprise Risk Management (ERM) framework. Operating under its formal Charter, the committee assists the Board in defining and monitoring the Company’s risk appetite and comprehensive risk management strategy, thereby safeguarding value creation.

#### Mandate and Oversight

Reviews the effectiveness of the Risk Management Department and ensures that all material financial and non-financial risks including credit, market, liquidity, and operational risks are identified, measured, and strategically mitigated.

#### Sustainability Integration

Demonstrating a forward-looking strategy, the BRC has formally integrated Climate-Related Risks into its agenda. This includes overseeing the development of robust climate risk frameworks and scenario analyses, which ensures the resilience of our Natural and Financial Capitals against emerging environmental volatility.

#### Strategic Connectivity

Ensures that risk management is not a siloed function but is deeply embedded into the Company’s strategic planning and executive decision-making processes.

## Nomination and Remuneration Committee (NRC)

The NRC is the custodian of our leadership-related **Human Capital**, ensuring that Alliance Insurance is led by a Board and Executive Management team with the requisite skills, integrity, experience, and diversity to sustain long-term value creation.

### Board Effectiveness

Oversees the annual Board self-assessment and the independent third-party evaluation conducted every five years, ensuring the Board remains fit-for-purpose and capable of navigating a rapidly evolving market.

### Remuneration Philosophy

Designs and monitors remuneration policies that are strategically aligned to attract and retain high-calibre talent while linking rewards directly to the creation of sustainable, long-term value for shareholders.

## Board Investment Committee

The Board Investment Committee serves as the strategic guardian of our **Financial Capital**, overseeing the prudent deployment of assets to ensure robust solvency, optimal risk-adjusted returns, and the long-term preservation of value for our policyholders and shareholders.

### Investment Governance

Formulates and monitors the Company's investment policy and guidelines, ensuring all activities strictly adhere to UAE regulatory requirements and the Board's established risk appetite.

### Strategic Capital Allocation

Evaluates and approves high-value proposals for acquisitions, disposals, and capital deployment, ensuring that every investment decision is intrinsically linked to Alliance's long-term business objectives.

### Risk & ESG Integration

Collaborates with the Risk Committee to assess market and liquidity risks, while increasingly embedding Environmental, Social, and Governance (ESG) considerations into the portfolio to enhance resilience and ethical value creation.

### Independent Oversight

Led by a specialised committee structure with a mandate for independent decision-making, ensuring that the management of Alliance's investment portfolio is conducted with professional rigour and transparency.

## Committees' Composition

Committee Name	Chairperson	Composition
Audit Committee	Ms. Laila Al Jassmi	3 Members
Board Risk Committee	Mr. Salem Obaidalla	3 Members
Nomination & Remuneration Committee	Mr. Shahreyar Nawabi	5 Members
Board Investment Committee	Mr. Khaled Al Mashani	4 Members

# BOARD NOMINATION AND REMUNERATION FRAMEWORK

Our Board of Directors is composed of individuals with the expertise to lead the Company's strategy. In accordance with our commitment to transparency and shareholder rights, Board members are nominated and formally elected by shareholders during the Annual General Meeting (AGM), subject to CBUAE approval. **The Nomination and Remuneration Committee** oversees the selection process. The Committee is tasked with ensuring that the Board's composition remains balanced, possessing the collective qualifications required to navigate the complex modern insurance landscape.

Candidates are evaluated against a comprehensive matrix of professional experience, with a focus on core competencies such as:

- Advanced Financial Stewardship and Audit
- Corporate Governance and Regulatory Compliance
- Enterprise Risk Management (ERM)
- Strategic Business Transformation

## Board Evaluation of Performance

### Self-Assessment

The Board conducts a structured self-assessment on an annual basis. Through detailed questionnaires, individual members and committees evaluate their collective effectiveness in fulfilling their mandates, with a specific focus on strategy implementation, risk oversight, and governance standards.

### Third-Party Evaluation

In line with the Corporate Governance Regulations issued by the Central Bank of the UAE (CBUAE), the Company conducted an independent third-party assessment of the Board in 2025.

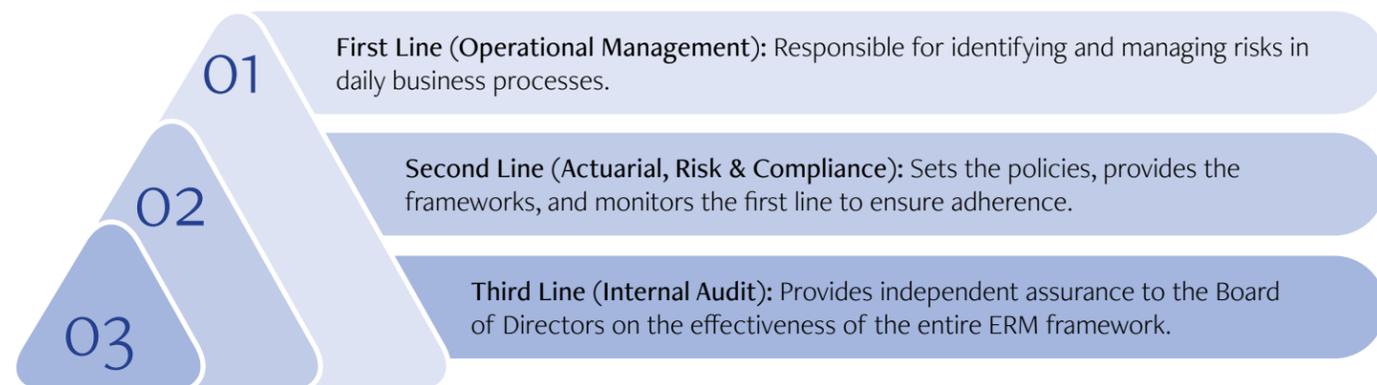
Board members	Unit	2023	2024	2025
Total number of board members	Number	9	9	8
Total number of independent members	Number	4	4	5
Total number of non-independent members	Number	5	5	3
Total number of executive members	Number	1	0	0
Total number of non-executive members	Number	8	9	8
Total board seats occupied by women	Number	0	1	1
Total board seats occupied by men	Number	9	8	7
Total number of board members under 30 years of age	Number	0	0	0
Total number of board members between 30-50 years of age	Number	0	1	2
Total number of board members over 50 years of age	Number	9	8	6
Total number of Committee chairs	Number	4	4	4
Total Committee chairs occupied by women	Number	0	1	1
Total Committee chairs occupied by men	Number	4	3	3

## Enterprise Risk Management

Alliance employs a sophisticated Enterprise Risk Management (ERM) framework designed to transform risk into a strategic advantage. Our approach ensures that risk identification, mitigation, and compliance are not merely reactive measures but are proactive drivers of institutional resilience.

### Governance Architecture: Three Lines of Defense

Our governance model is anchored by the “**Three Lines of Defense**” framework, a structure that ensures clear accountability and objective oversight across the organization:



## Strategic Integration

Risk management at Alliance is a shared responsibility, integrated into our corporate ethos from the boardroom to the front line. The Board Risk Committee and the Risk Management Department provide strategic direction, ensuring that risk controls are transparent, rigorous, and fully aligned with our corporate objectives. Advanced reporting mechanisms have been developed to ensure data veracity, paired with robust Business Continuity Plans (BCP) that guarantee operational stability during unforeseen disruptions. The core strategic focus is the meticulous calibration of risk and opportunity to foster a sustainable and resilient operational milieu.

Alliance utilizes an exhaustive suite of analytical tools to map our risk universe. By employing methodologies such as SWOT, PESTLE, and Bow Tie Analysis, we objectively evaluate exposures across financial, operational, market, and reputational domains.

Our **Risk Appetite Framework** defines the boundaries of risk-taking necessary to achieve our strategic goals. This framework is meticulously calibrated across capital adequacy, earnings stability, and liquidity. The governance structure assigns definitive roles to the Board of Directors, the Board Risk Committee, and Executive Management, thereby institutionalizing accountability and strategic oversight.

Recognizing the materiality of climate change, Alliance has fully integrated **Environmental, Social, and Governance (ESG) risks** into our Risk Appetite Framework:

### Climate Resilience

We manage environmental exposure by even supporting our clients in transitioning to green business models and expanding our portfolio in climate-resilient sectors.

### Strategic Reinsurance

We utilize sophisticated reinsurance mechanisms to mitigate financial volatility arising from catastrophic weather events.

### Regulatory Alignment

Our climate-related financial risk management is strictly aligned with the Central Bank of the UAE (CBUAE) guidance, ensuring we contribute to national economic stability.

Risk Category	Risk Description (Identified in 2025)	Mitigation Actions (Response Strategy)
<b>Physical Climate Risk</b>	The heightened frequency and severity of meteorological events, such as pluvial and fluvial flooding and intense windstorms across the UAE, are projected to escalate claims expenditure and incur property damage.	A flood and torrential rain scenario analysis was incorporated into the Own Risk and Solvency Assessment (ORSA) to rigorously evaluate capital adequacy. Reinsurance and catastrophe modelling frameworks are systematically employed to manage commensurate cost exposures.
<b>Transition Climate Risk</b>	Exposure to emerging legislative mandates, evolving client preferences for sustainable ('green') financial instruments, and the systemic transition towards a low-carbon economic paradigm.	Proactive monitoring of directives issued by the CBUAE and the CMA is maintained. Environmental, Social, and Governance (ESG) factors are being formally integrated into both investment and underwriting decision-making processes.
<b>Data Privacy &amp; Cyber Security</b>	Systemic threats to the confidentiality and integrity of proprietary customer and health data, alongside the potential for significant system breaches.	Adherence is maintained to the UAE Federal Law No. 45/2021 regarding Personal Data Protection (PDPL) and the Abu Dhabi Health Information and Cyber Security (ADHICS) standards. Outcome: No incidences of customer data exfiltration or loss were recorded in the 2025 reporting period.
<b>Regulatory &amp; Compliance</b>	The potential for non-adherence to updated Anti-Money Laundering/Counter-Terrorist Financing (AML/CTF) statutes or prudential insurance regulations, potentially resulting in statutory financial penalties.	The Compliance Department undertakes the pre-emptive surveillance of all legislative amendments. Mandatory compliance training modules were disseminated to the entire personnel base.
<b>Corruption &amp; Ethics</b>	Fiduciary risks emanating from engagements with insurance intermediaries, third-party agents, or during the processing of claims settlements.	Adherence to the Corporate Code of Ethics is obligatory for all personnel. Enhanced due diligence is performed on all prospective business partners, and a confidential, secure whistleblowing channel is maintained.
<b>Financial &amp; Underwriting</b>	The volatility in claims cost development and the upward trajectory in reinsurance premium rates, which could materially impact profitability and reserve adequacy.	Rigorous, disciplined pricing methodologies and sophisticated scenario analysis are utilised to ensure the maintenance of sufficient capital reserves to honour all prospective claims liabilities.
<b>Human Capital Risk</b>	Challenges encountered in the acquisition and retention of high-calibre talent, or a failure to attain mandated nationalisation (Emiratization) quotas.	Recruitment strategies are explicitly aligned with nationalization objectives. Substantial investment has been channelled into professional development via the Emirates Institute of Finance.

## Sustainability and Climate-Related Risks and Opportunities

Alliance maintains a strategic approach to environmental and social factors, ensuring that sustainability and climate-related considerations are woven into the fabric of the organisation's risk management and governance.

The management of climate-related risks is anchored at the highest levels of the organisation, ensuring a top-down commitment to long-term resilience.



Alliance incorporates climate and sustainability risks into its Enterprise Risk Management (ERM) framework, moving beyond static assessments to a more dynamic, data-driven approach.

- **ORSA Integration:** Climate-related risks, particularly those involving extreme weather events, are a mandatory component of the Own Risk and Solvency Assessment (ORSA) process. This ensures that the firm's capital adequacy is tested against environmental volatility.
- **The Risk Register:** All identified climate threats are formally recorded and monitored. The firm is currently working to enhance these records by expanding the use of qualitative and quantitative measures.
- **Operational Integration:** Sustainability considerations are integrated into core decision-making processes, ensuring that the organisation's strategy evolves in tandem with external environmental shifts.

## Financial Implications of Climate Risks

The firm identifies two primary categories of risk that have the potential to impact financial stability:

Risk Type	Financial Driver	Impact on Alliance
Physical Risks	Extreme weather and environmental shifts.	Increased frequency and volatility of claims; rising reinsurance costs; pressure on reserves.
Transition Risks	The global shift to a low-carbon economy.	Volatility in investment valuations; increased costs for regulatory and legal compliance.

To manage these exposures, Alliance embeds climate considerations directly into its **underwriting protocols, reinsurance planning, and investment decisions**. Furthermore, scenario analysis and liquidity management are utilised to safeguard cash flow against unpredictable climate-driven events.

## Governance, Compliance, and Internal Audit

At Alliance, our governance framework is guided by the principles of transparency and accountability. We maintain specialized functions that support corporate integrity, with a focus to meet regulatory mandates and promote ethical conduct.

### The Compliance Function: Strategic Regulatory Alignment

The Compliance Department serves an important role within our risk management framework, supporting adherence to applicable requirements issued by key regulatory bodies, including the Central Bank of the UAE (CBUAE), the Capital Market Authority (CMA), the Dubai Financial Market (DFM), Department of Health (DOH) & Dubai Health Authority (DHA).

- **Regulatory Monitoring:** The Compliance function monitors regulatory developments and shares relevant updates with internal stakeholders to support awareness of new and amended legal and regulatory requirements.
- **Ethical Conduct:** Beyond regulatory compliance, the department supports the promotion of ethical standards across the organisation through oversight of the Code of Ethics and Conduct.
- **Third-Party Integrity:** The Company applies due diligence processes to suppliers, vendors, and other third parties, aimed at assessing alignment with applicable legal and ethical expectations.

Alliance maintains an Anti-Money Laundering (AML) and Counter-Terrorist Financing (CTF) framework in line with applicable regulatory requirements:

- **Risk-Based Controls:** The Compliance/AML function applies a risk-based approach to support the identification and management of money laundering and terrorist financing risks.
- **Training and Awareness:** Periodic AML/CTF and fraud awareness training is provided to relevant employees to support understanding of obligations and the timely escalation of suspicious activities.

### Internal Audit: Independent Assurance and Operational Excellence

The Internal Audit Department functions with absolute independence, reporting directly to the Board Audit Committee. This reporting structure ensures an unbiased evaluation of our internal control environment.

- **Risk and Asset Protection:** The primary objective of Internal Audit is to minimize risk exposure and safeguard the Company's assets and reputation from potential threats.
- **Continuous Improvement:** Through regular, systematic assessments, the audit team identifies potential areas of non-compliance and recommends enhancements to existing controls, thereby driving operational efficiency.
- **Verification of Standards:** As the third line of defense, Internal Audit provides independent and objective assurance on the adequacy and effectiveness of internal controls and the extent of compliance with internal policies, applicable laws, regulations, and relevant industry standards.

## Foundations of Professional Conduct

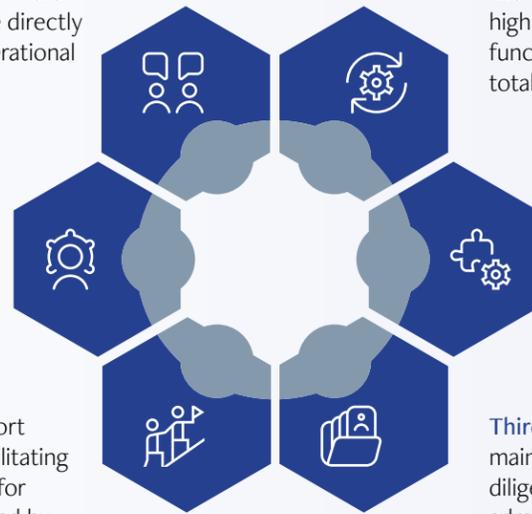
Alliance Code of Conduct outlines the Company’s ethical standards. Employees are requested to acknowledge the Code on a yearly basis as part of Human Resources processes, supporting awareness of expected professional and ethical behaviour across the organisation.

### Our Commitment to Integrity

**Transparent Dialogue:** We institutionalize integrity through a top-down mandate, championed by the GM’s “Open-Door Policy.” This fosters a transparent environment where stakeholders are empowered to engage directly with leadership regarding ethical or operational considerations.

**Regulatory Engagement:** The Company engages with UAE regulators and considers feedback and insights from relevant external platforms, such as Sanadak, to support ongoing improvements to internal processes and customer experience, where appropriate.

**Targeted Capability Building:** We support our Human Capital development by facilitating training and certification opportunities for eligible UAE nationals through Ethraa, and by providing role-relevant training programs delivered by the Emirates Institute of Finance, including in areas such as Anti-Money Laundering (AML) and Counter-Terrorist Financing (CTF).



**Whistleblowing Mechanisms:** To safeguard our reputation, we maintain anonymous reporting channels for misconduct. These are managed by the Compliance Department with independent, high-level oversight from the Internal Audit function and the Audit Committee, ensuring total accountability.

**Operational Integration:** AML& Compliance are taken into considerations during the development of new products and within departmental workflows, supporting adherence to applicable requirements as part of day-to-day operations.

**Third-Party Due Diligence:** The Company maintains processes for conducting due diligence on vendors, brokers and third-party administrators (TPAs), and includes relevant compliance requirements within business agreements to support the management of third-party risks.

### Indicators related to corruption

	Unit	2023	2024	2025
Total number of operations assessed for risks related to corruption	Number	0	0	0
Percentage of operations assessed for risks related to corruption	Number	0	0	0
Number of confirmed incidents of corruption	Percentage	0	0	0
Total number of confirmed incidents in which employees were dismissed or disciplined for corruption	Number	0	0	0

### Significant instances of non-compliance with laws and regulations

	Unit	2023	2024	2025
Fines incurred	Number	0	3	2
Non-monetary sanctions incurred	Number	0	0	0
Total monetary value of fines for non-compliance with laws and regulations	AED	0	22,500	30,000

# 04

## ESG HIGHLIGHTS 2025

### ENVIRONMENT

100%

of plastic waste, e-waste, and paper waste recycled

5.8%

reduction in waste diverted to disposal



Scenario analysis and stress testing for identifying and mitigating climate risks



Initiatives like

Climate Control Optimization and Active Load Management

to track and reduce energy consumption.

### SOCIAL



Multiple recognition and rewards initiatives for deserving employees



More than 100% increase in Emirati talent hired from previous FY

100%

OHS system coverage with Zero high-consequence work-related injuries or fatalities reported



384 employee volunteering hours by 288 employees

100% of eligible employees underwent career development reviews

### GOVERNANCE



Independent third-party evaluation of Board Performance

Comprehensive Enterprise Risk Management (ERM)

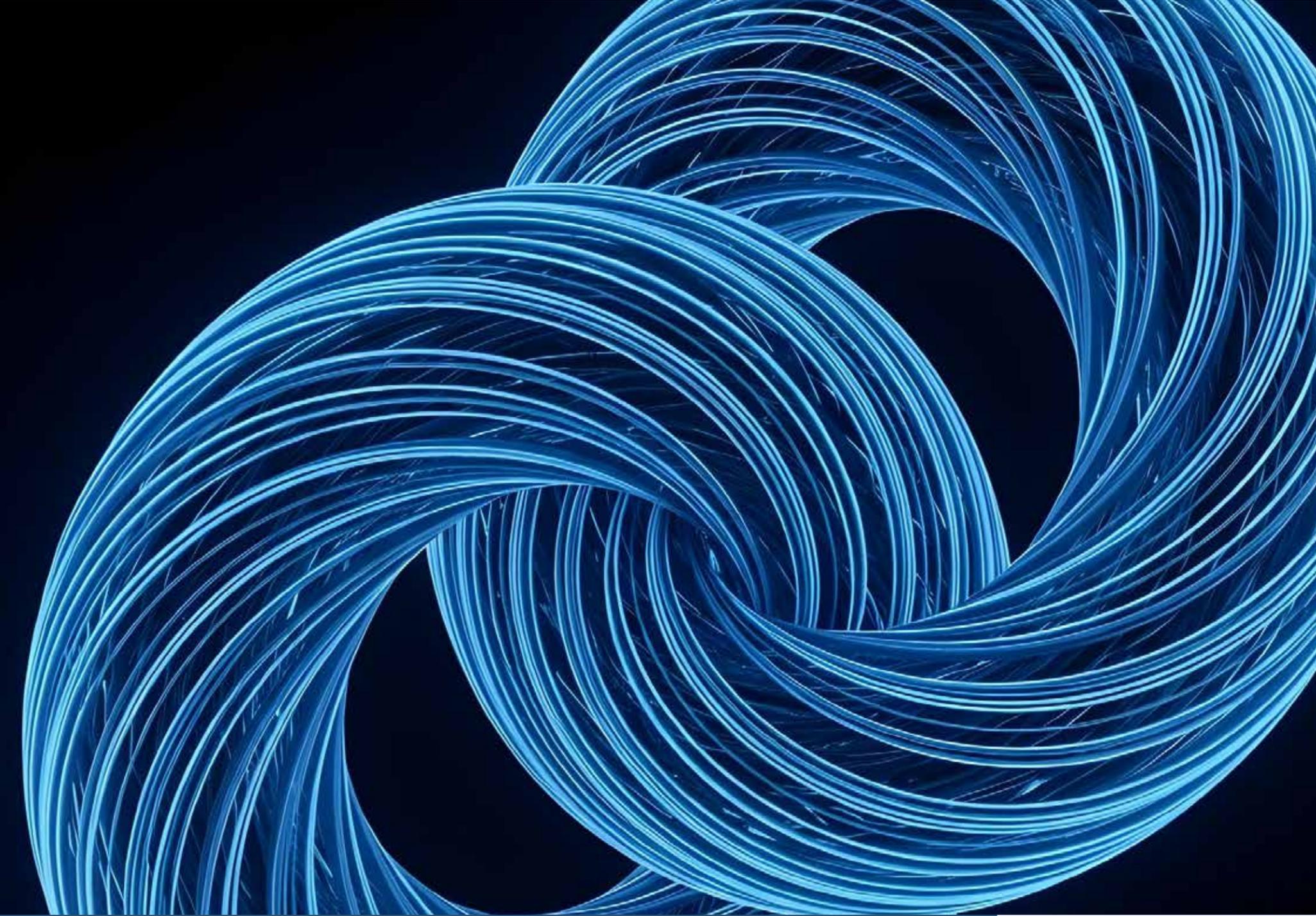
framework that integrates climate risks



Open-Door Policy by our General Manager to foster transparency

Zero

incidents of corruption



## MATERIALITY & STAKEHOLDER ENGAGEMENT

# STRATEGIC ESG INTEGRATION: BUILDING A RESILIENT FUTURE

Alliance approaches corporate responsibility as an integral consideration within its business activities. The Company seeks to support societal resilience through the provision of insurance solutions, while taking Environmental, Social, and Governance (ESG) considerations into account within its governance and operating practices.

## Operational Management and Emissions Reduction

We continue to review and adjust our internal operations to take environmental considerations into account. Our climate action plans consider several performance areas:



### RESOURCE OPTIMIZATION

Implementing waste reduction and paperless digital workflows to minimize our physical footprint.



### ENERGY & WATER EFFICIENCY

Upgrading our facilities to reduce consumption and enhance operational sustainability.



## Strategic Stakeholder Engagement & Materiality Refinement

Alliance considers ongoing engagement with stakeholders as an important part of its business approach. The Company seeks to align its strategic priorities with stakeholder expectations to support sustainable and long-term value over time.

### Leadership-Led Materiality Validation

Alliance Code of Conduct outlines the Company's ethical standards. Employees are requested to acknowledge the Code on a yearly basis as part of Human Resources processes, supporting awareness of expected professional and ethical behaviour across the organisation.

### Our Methodology: From Insight to Action

To build upon the foundation set in previous years, our 2025 approach integrated the following:

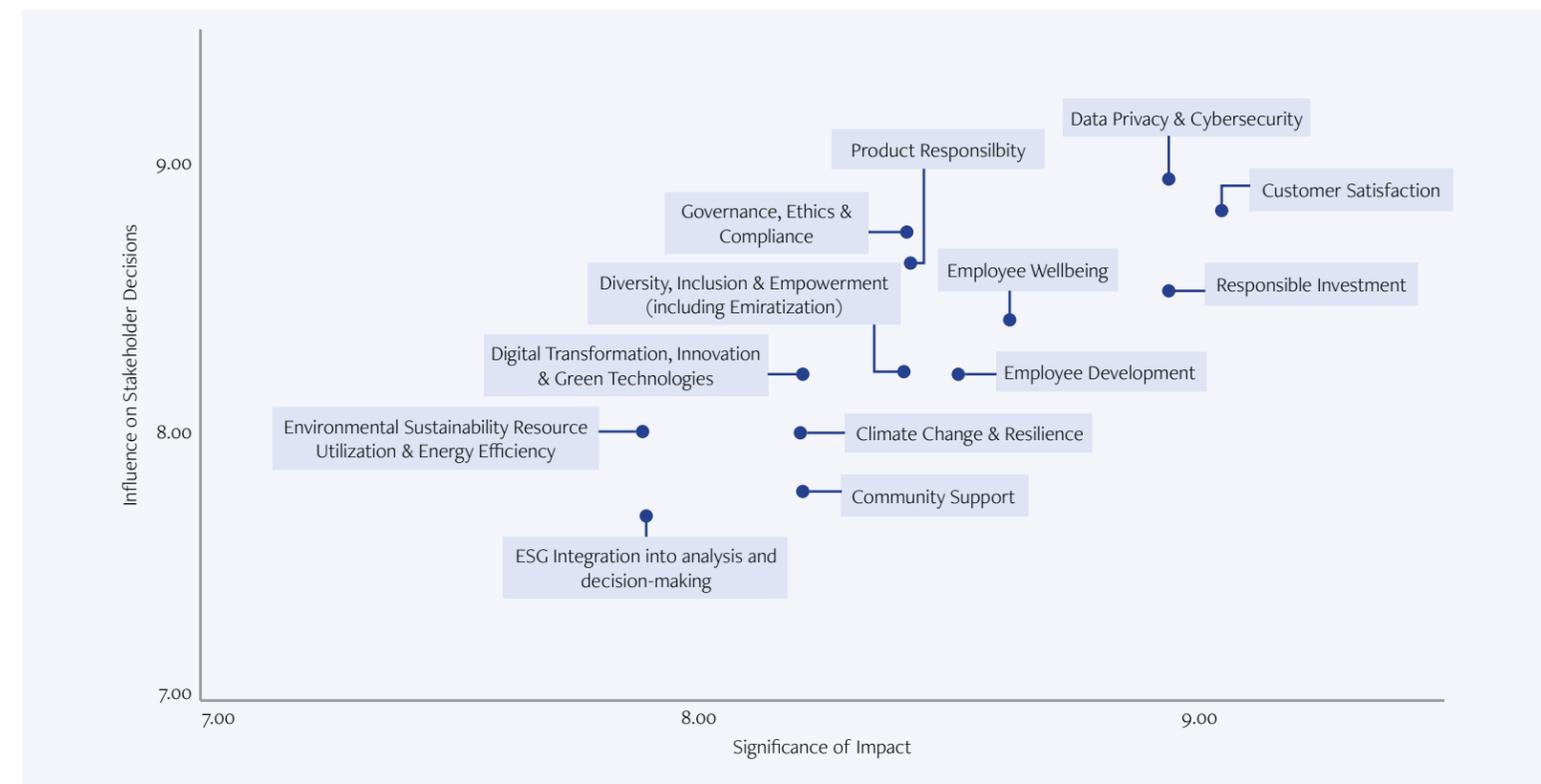
- Board & Senior Management Perspective:** A survey to our Board members and part of the senior management to weigh the relative significance of ESG factors through a governance and fiduciary lens.
- Analysis & Realignment:** By combining the Board's strategic insights with our existing multi-stakeholder data, we have refined our materiality map to better reflect current risks and opportunities.

## Stakeholder Engagement

Key Stakeholder Groups	Methods of Engagement	Corresponding Material Topics
<b>Customers</b>	<ul style="list-style-type: none"> <li>Multiple touchpoints during onboarding and service processes (emails, website, branches, agents)</li> <li>Social media platforms</li> <li>Company announcements</li> <li>Corporate website</li> <li>Central Bank complaint portal (Sanadak)</li> <li>Advertising and marketing materials</li> <li>Customer reviews and feedback platforms</li> <li>Customer awareness campaigns</li> </ul>	<ul style="list-style-type: none"> <li>Data Privacy &amp; Cybersecurity</li> <li>Product Responsibility</li> <li>Digital Transformation, Innovation &amp; Green Technologies</li> <li>Fraud risk, health and cybersecurity awareness</li> <li>Inquiries &amp; Complaints</li> </ul>
<b>Board of Directors</b>	<ul style="list-style-type: none"> <li>Regular in-person and virtual meetings</li> <li>Board and committee meetings</li> <li>Annual general meetings</li> <li>Company events</li> <li>Regulatory compliance briefing</li> <li>Approval of company's policies and governance frameworks</li> </ul>	<ul style="list-style-type: none"> <li>Digital Transformation, Innovation &amp; Green Technologies</li> <li>Emiratization</li> <li>Environmental Sustainability, Resource Utilization &amp; Energy Efficiency</li> <li>Governance, Ethics &amp; Compliance</li> </ul>
<b>Senior Executives and Employees</b>	<ul style="list-style-type: none"> <li>Management meetings</li> <li>Sales and business development team meetings</li> <li>Performance reviews</li> <li>Training sessions</li> <li>Internal announcements</li> <li>Exit interviews</li> <li>Company events</li> </ul>	<ul style="list-style-type: none"> <li>Data Privacy &amp; Cybersecurity</li> <li>Digital Transformation, Innovation &amp; Green Technologies</li> <li>Product Responsibility</li> <li>Training &amp; development</li> <li>ESG Integration</li> <li>Governance, Ethics &amp; Compliance</li> <li>Employee Development</li> <li>Diversity Inclusion &amp; Empowerment (Including Emiratization)</li> </ul>
<b>Shareholders</b>	<ul style="list-style-type: none"> <li>Annual general meetings</li> <li>In-person and virtual individual meetings</li> <li>Corporate regulatory disclosures</li> </ul>	<ul style="list-style-type: none"> <li>ESG Integration into analysis and decision-making</li> <li>Environmental Sustainability, Resource Utilization &amp; Energy Efficiency</li> <li>Diversity, Inclusion &amp; Empowerment (Including Emiratization)</li> <li>Responsible Investment</li> </ul>

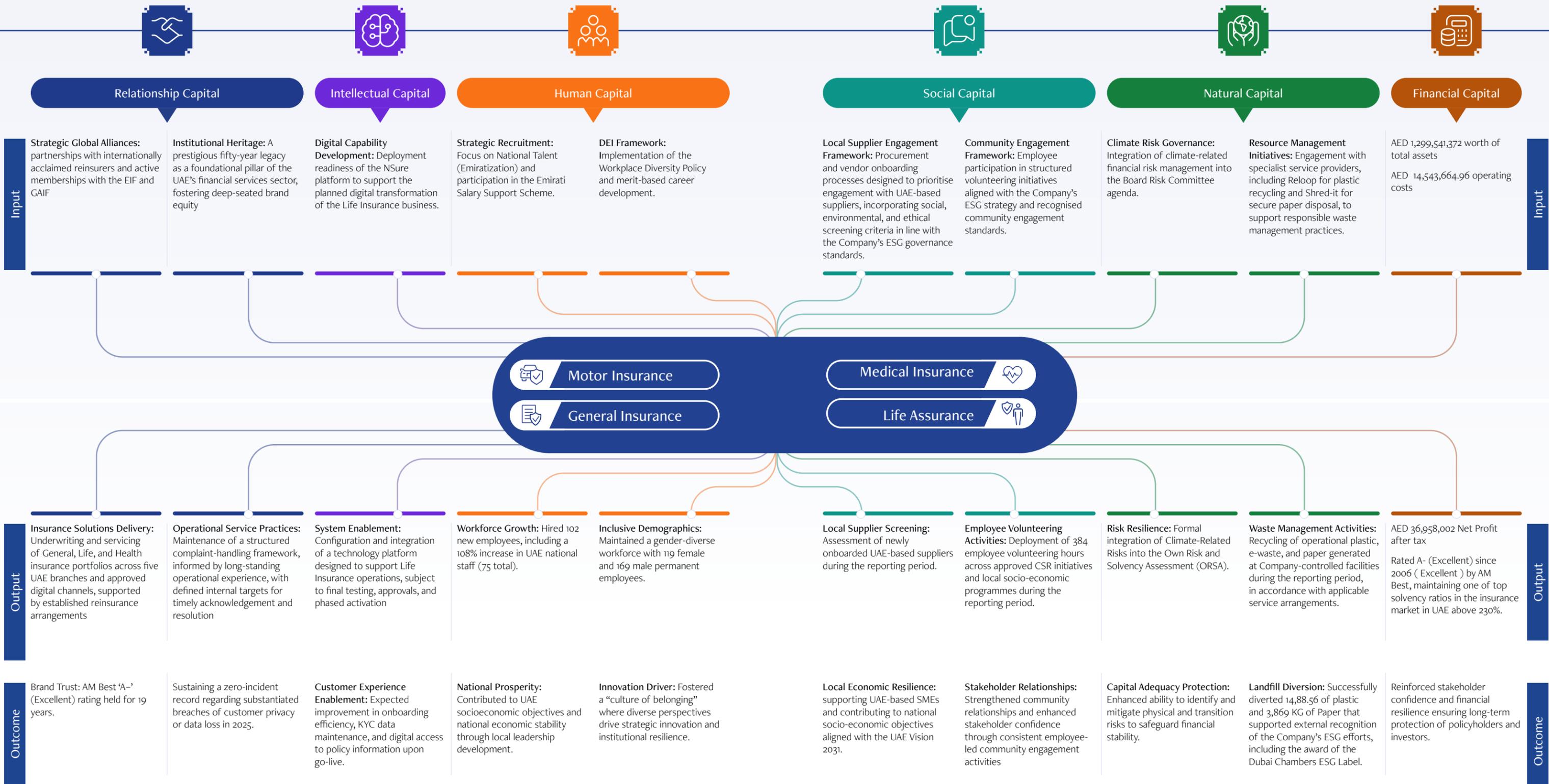
Key Stakeholder Groups	Methods of Engagement	Corresponding Material Topics
<b>Government</b> (e.g., CMA, Central Bank, DFM, DHA, DOH and TDRA)	<ul style="list-style-type: none"> <li>• Direct engagement through emails and meetings</li> <li>• Participation in local forums</li> <li>• Webinars</li> </ul>	<ul style="list-style-type: none"> <li>• Data Privacy &amp; Cybersecurity</li> <li>• Governance, Ethics &amp; Compliance</li> <li>• ESG Integration into analysis and decision-making</li> <li>• Digital Transformation &amp; Innovation</li> <li>• Diversity, Inclusion &amp; Empowerment (Including Emiratization)</li> <li>• Employee Development</li> <li>• Climate Change &amp; Resilience</li> </ul>
<b>Community</b>	<ul style="list-style-type: none"> <li>• Local initiatives and volunteering efforts</li> </ul>	<ul style="list-style-type: none"> <li>• Sustainable practices</li> <li>• Gainful employment</li> <li>• Diversity, Inclusion &amp; Empowerment (Including Emiratization)</li> <li>• Community Support</li> <li>• Economic Impact</li> </ul>
<b>Business Partners</b> (Reinsurers, TPAs, Brokers)	<ul style="list-style-type: none"> <li>• Regular meetings</li> <li>• Business reviews and discussions</li> <li>• Integration of digital platforms and APIs</li> </ul>	<ul style="list-style-type: none"> <li>• Governance, Ethics &amp; Compliance</li> <li>• Digital Transformation, Innovation &amp; Green Technologies</li> <li>• Product Responsibility</li> </ul>
<b>Rating Agencies</b>	<ul style="list-style-type: none"> <li>• Regular meetings for annual rating assessments</li> </ul>	<ul style="list-style-type: none"> <li>• Governance, Ethics &amp; Compliance</li> <li>• ESG Integration into analysis and decision-making</li> </ul>

The following matrix illustrates our prioritized material topics as validated by the Board of Directors for the 2025 reporting cycle. Detailed cross-references regarding the alignment of these themes with GRI and DFM frameworks, as well as their integration into our strategic pillars, are maintained in our prior year's disclosure for historical continuity.



# 06

## VALUE CREATION MODEL





## Our Intellectual Capital: Driving Innovation



### Key Highlights:

-  Zero substantiated complaints concerning customer privacy.
-  Achieved **100% deployment** of BitLocker encryption and Data Loss Prevention (DLP) protocols across all corporate laptops.

## STRATEGIC APPROACH TO INTELLECTUAL CAPITAL

The insurance industry is highly regulated and operates in an ever-evolving landscape. In such a dynamic scenario, Alliance remains dedicated in its commitment of considering customer data as sacrosanct and safeguarding it by maintaining the most rigorous standards of privacy.

Alliance is actively embracing the evolving digital landscape to maintain its competitive edge and satisfy customer expectations. Our strategy is centered on Digitalization, a material topic that connects our operational efficiency with enhanced customer accessibility. The Company has initiated a comprehensive digital transformation, strategically aligned with its objectives, to enhance the customer experience, optimize operations, and cultivate innovation throughout the organization. Furthermore, adopting cloud technology enables greater scalability, fosters innovation, and secures the future viability of our activities. This transformation is principally driven by technological advancements and a dedication to remaining competitive.

Our digital initiatives have significantly benefited the business, enhancing both the customer experience and operational efficiency. Key successes include providing customers with digital access to their portfolios and introducing digital payment gateways, which has streamlined internal processes and increased customer convenience by reducing the need for physical office visits for transactions.

We utilize a multi-pronged strategy to analyze key trends and developments in digital solutions. This includes conducting market research to pinpoint emerging innovations, industry benchmarks, and competitor activities, as well as partnering with technology suppliers and innovators to explore new ideas and tools for advancing our digital capabilities.

Building on the initiatives from the previous year, we are pleased to report continued progress in our digital transformation. The Motor Claims Intimation Portal, which was highlighted in our last report, continues to enable stakeholders involved in motor claims to access and utilize the online platform efficiently.

A cornerstone of this transformation is the implementation of the NSure (Life) platform. As of the current reporting period, the implementation of the Agent & Broker Portal has been successfully completed, providing a streamlined interface for our partners. The implementation of the Core & Finance System is progressing steadily to support the agent channel by improving lead management and quotation generation. To ensure the successful adoption of these new technologies, we have prioritized comprehensive workforce training.

The Board of Directors are responsible for providing strategic oversight on fostering innovation, and integrating technological advancements into our governance and risk management frameworks. Executive management is tasked with the execution of these initiatives with a core focus on utilizing technology to enhance customer experience and to future-proof our business model against transition risks, including shifts in technology and evolving market preferences.



## DATA SECURITY AND PRIVACY

At Alliance, we recognize that data is one of our most vital intellectual assets. As digital transformation accelerates, the Board of Directors maintains direct oversight of **Data Privacy** as a material risk. In 2025, we significantly matured our governance structure by engaging a specialist **Chief Information Security Officer (CISO) vendor**. This team reports directly to the **Information Security Management Steering Committee**, ensuring that security objectives are integrated into every level of our operational DNA.

To protect the sensitive health and personal data of our B2C insurance clients, Alliance employs a “Defense in Depth” strategy. Our **Information Security Management System (ISMS)** is fortified by a sophisticated technical stack designed to prevent unauthorized access and data theft:

- **Endpoint & Perimeter Protection:** All corporate devices are subject to mandatory **BitLocker encryption**. We utilize **Fortigate** network protection tools alongside **Endpoint Detection and Response (EDR)** systems to monitor and neutralize threats in real-time.
- **Access Management:** We enforce strict access controls and **Multifactor Authentication (MFA)**, ensuring that data is only accessible to authorized personnel.
- **Data Loss Prevention (DLP):** Comprehensive DLP protocols are embedded across our applications to prevent the unauthorized transfer of sensitive information.

Our operations are anchored by the **Alliance for Data Health and Information Compliance Standards (ADHICS) v2** and the **UAE Personal Data Protection Law (PDPL)**. We work in close coordination with regional regulators, including the **Department of Health (DoH)** and the **Central Bank of the UAE**, to ensure our frameworks meet the most stringent mandates.

While our high-level policies currently provide a robust foundation, we are actively evolving our data privacy architecture to achieve full alignment with international GDPR standards. This proactive approach ensures that Alliance remains ahead of global regulatory shifts.

Our commitment to security and transparency is validated through rigorous, ongoing assessments. Our key security verification activities include annual vulnerability assessments, with comprehensive penetration testing of our network infrastructure and business applications. Furthermore, regular internal audits are performed to ensure regulatory compliance with the UAE IAR and ADHICS frameworks. We also prioritize the privacy and control of policyholders’ data; this is managed through a formal Consent Management Procedure, overseen by a dedicated Data Protection Officer (DPO), which ensures policyholders have clear and transparent control over their personal information.

By merging mandatory staff training with cutting-edge technology, Alliance ensures that data protection is not just a compliance checkbox, but a competitive advantage that fosters long-term trust with our stakeholders.

During 2025, the Company did not identify any substantiated complaints relating to breaches of customer confidentiality or loss of customer data. No confirmed incidents of data leakage, theft, or loss were reported to the Company or to relevant regulatory authorities during the reporting period.

### Digital Transformation & Operational Agility

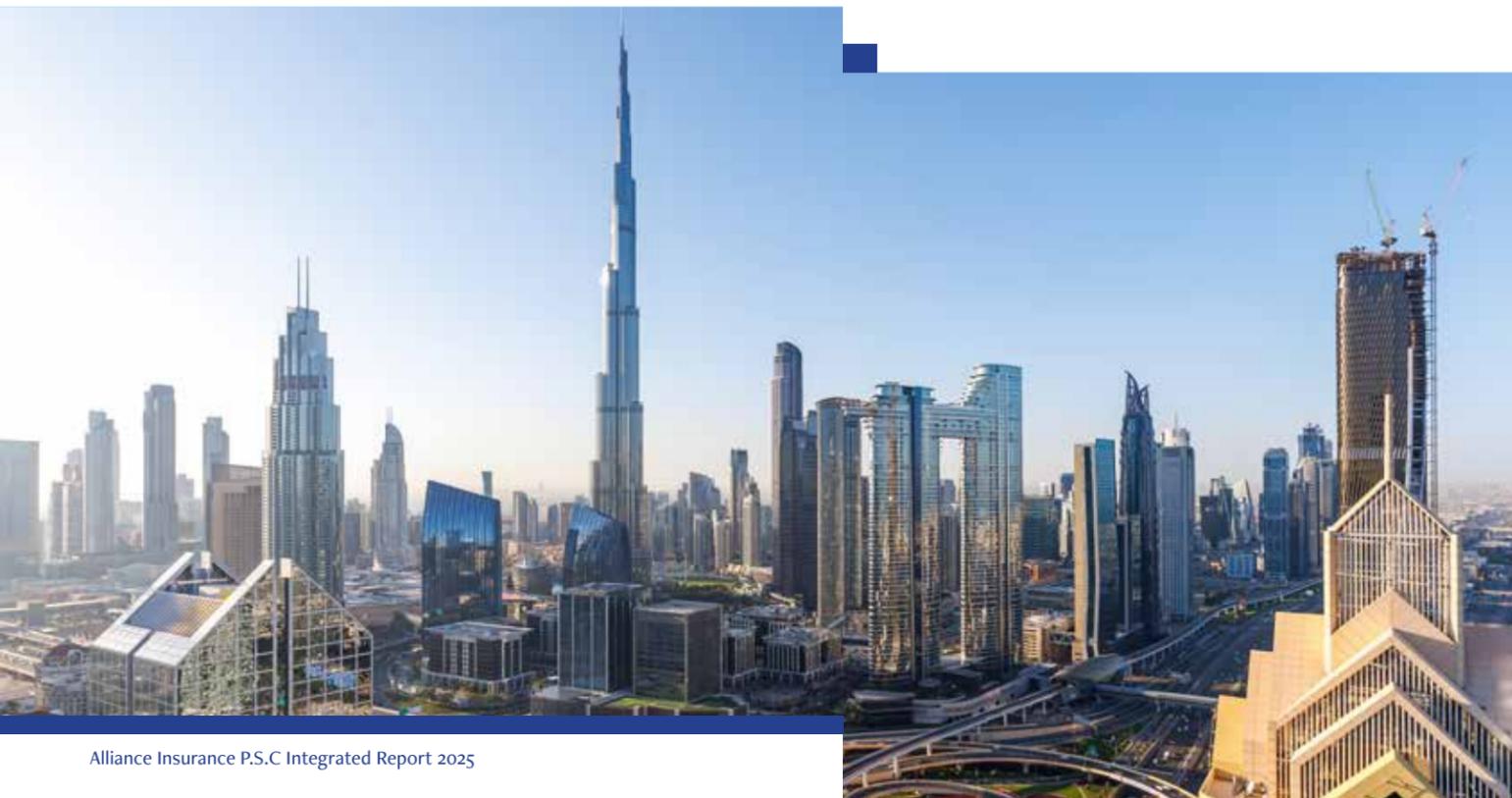


In 2025, Alliance advanced its digital operations through the implementation of the KGISL NSure system for Life insurance operations. This platform represents a strategic asset, reshaping our business model by seamlessly integrating sales, service, administration, and financial accounting. This comprehensive integration minimizes manual intervention and human error while substantially accelerating the delivery of insurance products to the UAE market. Our robust Document Management System (DMS) continues to serve as the critical foundation of our institutional knowledge, ensuring that all vital data is centralized and readily accessible across our Head Office and all regional branches.

Performance Indicators

	Unit	2023	2024	2025
<b>Customer Privacy &amp; related Complaints</b>				
Total number of complaints received from outside parties and substantiated by the organization	Number	0	0	0
Total number of complaints from regulatory bodies	Number	0	0	0
Total number of identified leaks, thefts, or losses of customer data	Number	0	0	0
Number of employees that completed the online training	Number	166	185	202
Number of total equivalent training hours	HR/Person	4	4	4
Employee Training Hours on Data Security	Number	664	740	808
<b>Digital Readiness</b>				
Proportion of laptops with BitLocker/DLP	Percentage	0	0	100
<b>Compliance</b>				
ADHICS Compliance status			Maintained	Maintained

Our strategy is centered on Digitalization, a material topic that connects our operational efficiency with enhanced customer accessibility. The Company has initiated a comprehensive digital transformation, strategically aligned with its objectives, to enhance the customer experience, optimize operations, and cultivate innovation throughout the organization.





## Our Social Capital: Building Community Impact



### Key Highlights:

-  AED 130,000 social contributions to NGOs and CSR activities.
-  Directed 84.8% of total procurement spending toward local UAE suppliers
-  Partnered with 20 women-owned suppliers
-  Organized Elderly Visits, Cleanup Drive, Women's Month celebrations, Breast Cancer Awareness & Wellness Campaign and friendly competitions.

# BUILDING A SUSTAINABLE LEGACY THROUGH CSR

Alliance approaches social capital through responsible engagement with its communities and stakeholders. Corporate Social Responsibility (CSR) activities are considered as part of the Company’s broader values and governance practices, with a focus on inclusivity, accountability, and responsible use of resources.

Community initiatives are aligned, where possible, with the Company’s values and stakeholder expectations, supporting constructive relationships and contributing to long-term trust and cooperation.

## Empowering Communities: FY2025 Highlights

### Culture of Volunteerism - Impact in 2025

During 2025, Alliance employees contributed 384 volunteering hours to community and environmental initiatives, reflecting increased participation compared to the prior year and continued engagement in community-focused activities.



### Key 2025 Initiatives

- 1 **Environment**  
Active participation in national beach-cleaning programs to preserve the UAE’s unique biodiversity.
- 2 **Social**
  - Outreach and companionship programs at elderly care centers fostering intergenerational support.
  - Chess and sudoku competitions which enhance mental acuity
- 3 **Economic Opportunity**  
Direct support for national public-welfare programs and active participation in career fairs to boost local employment.
- 4 **Corporate Responsibility**  
In 2025, Alliance contributed approximately AED 84,500 in social contributions, helping the NGOs to address critical community needs. Alliance currently partners with the following NGOs:
  - Beit Al Khair Society
  - Emirates Association of the Visually Impaired
  - Al Noor Centre for the Care of Disabled
  - Emirates Thalassemia Society.

## Community Engagement Initiatives

	Unit	2023	2024	2025
Community Investment & CSR	AED	200,000	250,000	130,000
Total number of employee volunteering hours	Number	258	231	384



During 2025, Alliance employees contributed 384 volunteering hours to community and environmental initiatives,

# RESPONSIBLE PROCUREMENT: STRENGTHENING THE VALUE CHAIN

Sustainability is integrated into every stage of the Alliance procurement process. We recognize that our supply chain is an extension of our own environmental and social footprint, and we work diligently to drive positive transformation across our network of partners.

## Navigating Supply Chain Complexities

We acknowledge the inherent challenges of contemporary procurement, including global supply chain intricacy, varying supplier capabilities, and the premium costs associated with sustainable goods. To address these complexities, Alliance does not merely suggest exemplary practices, we mandate a culture of accountability through our **Supplier Code of Conduct**. This policy serves as the ethical bedrock of our value chain, ensuring that every partner, irrespective of size or location, operates with the same level of integrity that we demand of ourselves.

## Enforcement and Transparency

To ensure these standards remain active and effective, Alliance provides a dedicated whistleblowing channel ([whistleblowing@alliance-uae.com](mailto:whistleblowing@alliance-uae.com)) for reporting any unethical behaviour or misconduct.

Suppliers	Unit	2023	2024	2025
Total number of suppliers engaged	Number	125	120	146
Total number of local suppliers engaged	Number	124	116	141
Percentage of local suppliers hired	Percentage	99.2	96.7	96.6
Total number of SME suppliers engaged	Number	124	116	112
Total number of women owned suppliers engaged	Number	17	15	20
Total procurement spending	AED Mn	3.64	4.05	4.93
Procurement spending on local suppliers	AED Mn	3.48	3.6	4.18
Percentage of spending on local suppliers	Percentage	95.6	88.9	84.8

Suppliers	Unit	2023	2024	2025
Total number of new suppliers in specified year	Number	45	22	34
Total number of new suppliers in specified year that were screened using environmental criteria	Number	2	1	34
Total percentage of new suppliers in specified year that were screened using environmental criteria	Percentage	4.4	4.5	100
Total number of new suppliers in specified year that were screened using social criteria	Number	45	22	34
Total percentage of new suppliers in specified year that were screened	Percentage	100	100	100

## In-Country Value and Diversity

Alliance seeks to support the local economy and inclusive business practices through its procurement approach:

**Local Sourcing:** Where feasible, the Company engages UAE-based vendors, including small and medium enterprises (SMEs).

**Supplier Diversity:** The Company considers diversity factors in its supplier relationships, including engagement with women-owned businesses, in line with its broader governance and inclusion principles. In the reporting year, we increased our engagement with women-owned suppliers by 33% as compared to the previous year.





## Our Human Capital: Empowering Our Workforce



### Key Highlights:



Achieved a **108% increase** in Emirati staff, growing from 36 to 75 UAE nationals.



Logged **540,288 person-hours** with **zero** high-consequence work-related injuries or fatalities.



Maintained a strong gender balance with women representing **43%** of the total workforce.

## EMPOWERING OUR PEOPLE

Employees play an important role in supporting the Company's operations, innovation, and customer service. Alliance seeks to support employee development by providing learning opportunities, skills development, and exposure to industry developments, with the aim of enabling employees to contribute effectively to the Company's objectives.

Alliance also aims to maintain a respectful and safe working environment. Policies addressing harassment and inappropriate conduct are in place, supported by confidential reporting channels, to encourage employees to raise concerns and support consistent standards of professional behaviour across the organisation.

### Workforce Demographics: Age Profile

	2023	2024	2025
<b>Permanent Employees</b>			
Below 30 years old	12.56%	18.57%	25.69%
Between 30-50 years old	66.05%	61.60%	55.21%
Over 50 years old	21.40%	19.83%	19.10%
<b>Key Managerial Personnel</b>			
Below 30 years old	0.00	0.00	0.00
Between 30-50 years old	80.00%	75.00%	76.00%
Over 50 years old	20.00%	25.00%	24.00%

### Learning and Upskilling

Alliance supports employee development through induction programmes, internal and external training, and digital learning opportunities. Training covers areas such as insurance, compliance, and risk management, and is delivered through a mix of virtual and in-person formats, including programmes offered by the Emirates Institute of Finance.

The Company also maintains a professional development reimbursement policy to support eligible employees pursuing approved qualifications, subject to applicable terms and limits.

### New Hires

	Unit	2023	2024	2025
Total employees who joined the organization	Number	89	83	102
Female	Number	38	32	59
Male	Number	51	51	43
Below 30 years old	Number	26	38	49
Between 30-50 years old	Number	55	43	49
Over 50 years old	Number	8	2	4

### Employee Exits

	Unit	2023	2024	2025
Total employees who left the organization	Number	50	63	79
Female	Number	22	21	34
Male	Number	28	42	45
Below 30 years old	Number	10	19	16
Between 30-50 years old	Number	32	38	54
Over 50 years old	Number	8	6	9

### Turnover Rate

	Unit	2023	2024	2025
Total Turnover	Percentage	20.4	23.8	27.4
Total New Hires	Number	22	21	34

### Training Hours

	Unit	2023	2024	2025
Total Training Hours	Hours	2100	635	227
Average Training Hours per Employee	Hours	8.57	2.40	0.79

### Training Hours by Gender

	2023		2024		2025	
	Total Hours	Average Hours	Total Hours	Average Hours	Total Hours	Average Hours
Females	875	10.67	210	2.26	161	1.35
Males	1225	7.52	425	2.47	66	0.39

### Training Hours by Employee Category

	2023		2024		2025	
	Total Hours	Average Hours	Total Hours	Average Hours	Total Hours	Average Hours
Permanent Employees	1890	8.71	590	2.49	227	0.86
Key Managerial Personnel	210	7.5	45	1.61	NA	NA

### Performance and Career Development Reviews

	2023	2024	2025
Percentage of Employees who received regular performance and career development reviews, by gender			
Female	100	100	100
Male	100	100	100
Percentage of the Total Number of Employees who received regular performance and career development reviews, by employee category			
Permanent Employees	100	100	100
Key Managerial Personnel	100	100	100

### Non-Discriminatory Working Environment

Our belief is that a working environment that is inclusive and non-discriminatory empowers employees to bring out the best in themselves.

Any form of harassment, including sexual harassment, intimidation, or emotional mistreatment is expressly forbidden, and any such issues raised are resolved as per applicable federal regulations. Disciplinary measures will be instituted against any employee determined to be engaging in such conduct, underscoring the organization’s commitment to cultivating a secure and dignified working atmosphere.

#### The following measures have been developed and adopted to ensure a stress-free working environment:



##### Clear Policies

We maintain policies that strictly prohibit any form of workplace discrimination or harassment. These standards are clearly communicated to all personnel to ensure a shared understanding of our corporate values.



##### Non-Retaliation Guarantee

Central to our integrity model is a formal assurance of non-retaliation. Alliance guarantees that no employee will face adverse consequences for reporting grievances or seeking clarification on harassment and discrimination issues.



##### Open Door Policy

Our “Open Door Policy” facilitates direct communication between staff and senior leadership. This transparency ensures that high-level support is always available for resolving complex workplace concerns.



##### Whistleblowing & Anonymous Reporting

We have enhanced our governance by integrating a confidential whistleblowing mechanism on our corporate website. This allows both internal and external stakeholders to report unethical behavior or misconduct anonymously, ensuring total protection for the reporter.



##### Regular Awareness & Training

To embed these values into our daily operations, all employees undergo mandatory annual training. These sessions cover our Code of Conduct, ethical behavioral standards, and the specific mechanics of our whistleblowing framework, ensuring sustained compliance and awareness across the organization.



## Cultivating Diversity, Equity, and Inclusion (DEI)

Alliance remains steadfast in its commitment to building a workforce that reflects the diverse society we serve. We view diversity not merely as a metric, but as a strategic driver of innovation and institutional resilience.

### Advancing Gender Parity

At the heart of our cultural identity is a deep-seated commitment to gender equality. We ensure that our female professionals have unfettered access to equal opportunities, comprehensive benefits, and a supportive ecosystem designed to empower their professional growth. Our goal is to create a workplace where women do not just participate but lead and thrive.

### Employee Wellbeing

In line with its focus on employee wellbeing, Alliance organized a comprehensive Wellness Campaign in collaboration with AE Planner, Kings Medical Center, Yana Beauty Center, Pegasus Home Healthcare, Etoile Polyclinic, VLCC, and Pure Medical Center. The campaign witnessed strong participation from stakeholders and reinforced the importance of preventive healthcare. Additionally, Alliance conducted a virtual employee wellness webinar in partnership with the American Wellness Center, addressing work-related stress and effective stress management techniques.

### Breast Cancer Awareness

In 2025, we organized a Breast Cancer Awareness Program in collaboration with the Health Department. This initiative further supports our commitment to the health and well-being of our workforce.

### Merit-Based Career Development

By institutionalizing gender-neutral job roles and eliminating systemic biases, Alliance guarantees that career progression is strictly performance-driven. We are committed to removing the “glass ceiling,” ensuring that every employee regardless of gender has a clear and equitable path to seniority and development.



### Diversity of Employees

	2023	2024	2025
Permanent Employees #			
Females	73	83	111
Male	144	154	152
Key Managerial Personnel #			
Females	9	10	8
Males	19	18	17

## Strategic Investment in National Talent (Emiratization)

Emiratization is a cornerstone of Alliance’s corporate strategy, mandated by the Board of Directors to support the UAE’s long-term socioeconomic objectives. We view the development of national talent not merely as a regulatory requirement, but as a strategic imperative to foster local leadership and innovation.

### Exceeding Regulatory Benchmarks

In 2025, Alliance achieved a significant milestone in its recruitment strategy. The total number of UAE nationals within our workforce grew from 36 to 75, representing a 108% increase. This growth enabled the Company to not only meet but substantially exceed the Emiratization targets set by the Central Bank of the UAE (CBUAE).

### Financial Empowerment through the Emirati Salary Support Scheme

To remain an employer of choice for local talent, Alliance actively participates in specialized financial frameworks. Through the Emirati Salary Support Scheme, we facilitate the integration of nationals into the private sector by bridging the gap between current earnings and target salary benchmarks. This initiative ensures that our Emirati professionals receive competitive compensation while undergoing high-level training and career development.

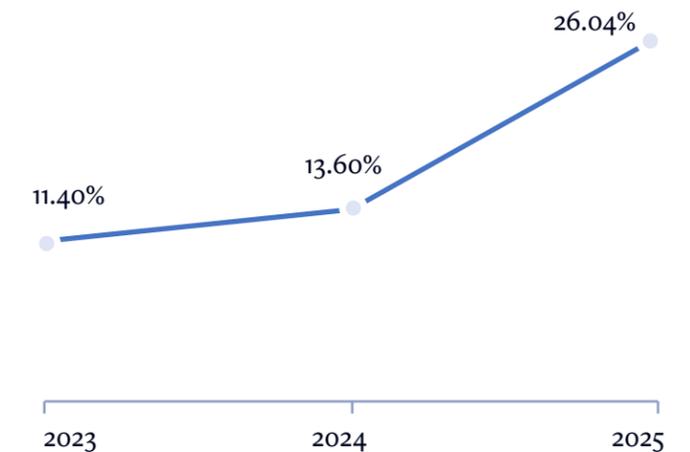
### National Capacity Building

Beyond recruitment, Alliance is dedicated to the long-term professional trajectory of our Emirati staff. Our dedicated training programs are designed to equip national talent with the specialized skills required for the evolving insurance and financial services landscape.

### National Employees

	Unit	2023	2024	2025
Number of full-time national employees	Number	28	36	75
Female national employees	Number	16	16	47
Male national employees	Number	12	20	28
National full-time employees in senior management*	Number	2	3	2
Number of employees of other nationalities	Number	217	229	213

### Emiratization Rate



**Alliance Pension Program** is a vital component of our talent retention strategy, designed to provide Emirati nationals in the private and financial sectors with a stable and sustainable retirement framework. The program features a structured, five-year phased contribution model. This transition begins with comprehensive government coverage, gradually shifting the contribution responsibility to both the organization and the employee. To ensure a smooth integration into the private sector, government support starts at **20% of the total salary** in the first year. This funding is adjusted over a five-year period, reaching **14% by the 5th year**, allowing for a balanced and sustainable financial transition for all parties involved. By facilitating broad participation in the national pension framework, Alliance contributes to the overall economic stability of the UAE. This program not only incentivizes Emirati talent to pursue high-growth careers within the private sector but also ensures they enjoy long-term financial security. Our participation in this program underscores Alliance’s dedication to the “Social” pillar of our ESG strategy—investing in the lifecycle of our employees and supporting the UAE’s broader vision for a robust, national-led economy.

## Enabling a Safe and Healthy Workplace

Alliance operates under the fundamental principle that the well-being of our people is paramount. We maintain a safe, healthy, and secure work environment through the seamless integration of a robust Occupational Health and Safety (OHS) Management System across all business functions.

### Proactive Risk Mitigation and Hazard Management

Our approach to safety is built on a proactive ethos of prevention rather than reaction. We utilize a comprehensive framework for hazard identification and risk assessment, driven by



#### Inspections

Regular physical audits of all premises to identify and neutralize potential risks.



#### Training

Ensuring that any high-risk activities—such as working at heights or operating specialized machinery—are only performed by certified personnel who have completed rigorous safety training.

### Security and Emergency Preparedness

Alliance has measures in place to support the safety of employees, physical assets, and information. Visitor access to Company premises is managed through access controls and supervision, in line with internal safety practices.

### Governance and Leadership Commitment

Our HSE policy is supported by the highest levels of management, ensuring that safety is never compromised for operational speed. This commitment is evidenced through:

#### Resource Allocation

Providing the necessary authority and financial resources to achieve our HSE objectives.

#### Stakeholder Engagement

Involving employees in real estate and maintenance as well as contractors in decision-making processes to drive continuous improvement in our safety standards.

#### Accountability

Maintaining clear reporting mechanisms for hazards, where any contravention of safety protocols is met with decisive disciplinary action to protect the collective well-being.

### Governance and Leadership Commitment

Our HSE policy is supported by the highest levels of management, ensuring that safety is never compromised for operational speed. This commitment is evidenced through:

	2023
Total Person-Hours Logged	540,288
High-Consequence Work-Related Injuries	0
Work-Related Fatalities	0



Our belief is that a working environment that is inclusive and non-discriminatory empowers employees to bring out the best in themselves. Emiratisation is a cornerstone of Alliance's corporate strategy, mandated by the Board of Directors to support the UAE's long-term socioeconomic objectives.



## Our Natural Capital: Advancing Environmental Stewardship



### Key Highlights:

-  100% recycling of all plastic, e-waste, and paper waste mitigating 3,537 kg of CO<sub>2</sub> equivalents.
-  Preserved 84.33 trees through strategic waste management.
-  Integration of Climate-Related Risks into the Board Risk Committee agenda.

# COMMITMENT TO CLIMATE RESILIENCE AND SUSTAINABILITY

In line with the UAE’s ambitious **Net Zero by 2050** strategic initiative, Alliance recognizes that the preservation of natural capital is not just an ethical obligation but a fundamental business imperative. As the UAE continues to lead the regional transition toward a green economy—bolstered by the legacy of COP28 and rigorous local regulatory frameworks—Alliance is committed to aligning its operational footprint with these national aspirations.

## Operational Efficiency & Resource Conservation

Our pursuit of sustainability is reflected in our daily operational rigor. Alliance promotes a culture of **judicious resource consumption** through practical, high-impact protocols across all global offices. Our energy conservation strategy includes:

### Climate Control Optimization

Promoting standardization of office temperatures at 24°C to balance comfort with energy efficiency.

### Active Load Management

“Power-down” protocols for air conditioning, computational equipment, and lighting during non-operational hours.

### Awareness Integration

Continuous internal communication to ensure energy stewardship remains a core component of our corporate culture.

## Environmental Performance & Data Accountability

Alliance reports its greenhouse gas (GHG) emissions on an annual basis, using available data to support understanding of its environmental footprint.

### A Brief On Ghg Emissions Methodology And Calculation Approach

Scope	Definition	Reporting Scope	Activity Data Collected	Emission Factor*
Scope 1	Emissions arising from operations owned or controlled by the reporting organization, such as those from combustion in owned or controlled boilers, furnaces, vehicles, et cetera.	Mobile Combustion	Direct fuel consumption data pertaining to owned vehicles	DEFRA 2025

Scope	Definition	Reporting Scope	Activity Data Collected	Emission Factor*
Scope 2	Emissions resulting from the generation of purchased or acquired electricity, steam, heating, or cooling consumed by the reporting organization, for instance, the utilisation of purchased electricity, steam, heating, or cooling.	Electricity	Electricity consumption data	DEWA
Scope 3 (Cat. 1)	The extraction, production, and transportation of goods and services purchased or acquired by the reporting organization during the reporting year, which are not otherwise encompassed in Categories 2 through 8.	Procurement data for all activities.	Spend-based procurement data collated from head offices and branches	US EPA’s Supply Chain Greenhouse Gas Emission Factors v1.3 by NAICS-6
Scope 3 (Cat. 2)	The extraction, production, and transportation of capital goods purchased or acquired by the reporting organization in the reporting year.	Purchased goods relevant to Real Estate operations.	Spend-based procurement data collated from head offices and branches	US EPA’s Supply Chain Greenhouse Gas Emission Factors v1.3 by NAICS-6
Scope 3 (Cat. 3)	The extraction, production, and transportation of fuels and energy purchased or acquired by the reporting organization in the reporting year, which are not already accounted for within Scope 1 or Scope 2.	Scope 1 & 2 activity data.	Upstream fuel and energy-related data not captured under Scope 1 and 2	DEFRA 2025
Scope 3 (Cat. 7)	The conveyance of employees between their residences and their places of work during the reporting year (in vehicles not owned or operated by the reporting organization).	Distance-based methodology for all employees.	Employee survey conducted among 135 full-time equivalent (FTE) employees at Alliance’s offices concerning their commuting activities, extrapolated to represent the total workforce in 2025.	DEFRA 2025

### Energy Consumption Data

	Unit	2023	2024	2025
Fuel consumption (Petrol)	GJ	144.35	198.45	197.10
Fuel consumption (Diesel)	GJ	0	2.28	1.15
Electricity consumption	GJ	15586.74	16,510.73	20104.03
District heat and steam and district cooling consumption	GJ		14,333.40	14413.31
Total direct energy consumption	GJ	144.35	200.73	198.25
Total indirect energy consumption	GJ	15586.74	30844.13	34517.34
<b>Total Energy Consumption</b>	<b>CJ</b>	<b>15,731.09</b>	<b>31,044.86</b>	<b>34,715.59</b>

### Energy intensity

	Unit	2023	2024	2025
Direct energy intensity	GJ/ employee	0.59	0.76	0.69
Indirect energy intensity	GJ/ employee	63.62	116.4	119.85
<b>Total energy intensity</b>	<b>GJ/ employee</b>	<b>64.21</b>	<b>117.15</b>	<b>120.54</b>

### GHG emissions

	Unit	2023	2024	2025
Scope 1	TCO <sub>2</sub> e	10.2	1584.37	1281.36
Scope 2	TCO <sub>2</sub> e	1747.01	3,250.71	3784.75
Scope 3	TCO <sub>2</sub> e		2,398.81	835.34
<b>Total GHG emissions</b>	<b>TCO<sub>2</sub>e</b>	<b>1757.84</b>	<b>7233.89</b>	<b>5901.45</b>

\*The Emissions Figures in 2023 are not comparable with 2024 and 2025 as measurement systems were under development

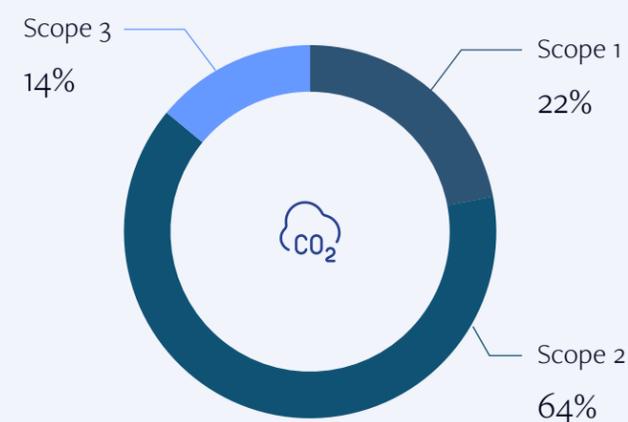
### Emissions Intensity

	Unit	2023	2024	2025
Scope 1 Intensity	TCO <sub>2</sub> e/ Employee	0.04	5.98	4.45
Scope 2 Intensity	TCO <sub>2</sub> e/ Employee	7.13	12.27	13.14
Scope 2 Intensity	TCO <sub>2</sub> e/ Employee	0.00	9.05	2.90
<b>Total Emissions Intensity</b>	<b>TCO<sub>2</sub>e/ Employee</b>	<b>7.17</b>	<b>27.30</b>	<b>20.49</b>

### Scope 3 Emissions Breakup

	Unit	2024	2025
Purchased Goods and Services (Category 1)	TCO <sub>2</sub> e	5.98	176.13
Capital Goods (Category 2)	TCO <sub>2</sub> e	129.57	52.36
Fuel & Energy Related Activities (Category 3)	TCO <sub>2</sub> e	794.07	191
Employee Commuting (Category 7)	TCO <sub>2</sub> e	332.06	415.98
<b>Total Scope 3 emissions</b>	<b>TCO<sub>2</sub>e</b>	<b>2,398.81</b>	<b>835.34</b>

### GHG Emissions Breakdown



### External Recognition

In 2025, Alliance received the Dubai Chambers ESG Label, reflecting external recognition of the Company's sustainability governance, disclosures, and responsible business practices during the reporting period.



## WATER GOVERNANCE

The company’s engagement with water is limited exclusively to indirect operational consumption within its office premises, primarily for standard domestic purposes such as sanitation, pantry provisions, and general upkeep. Water is sourced via the municipal water network from local authorities, specifically DEWA for the Head Office, SEWA for the Sharjah branch, and FEWA for the RAK branch.

We do not engage in direct withdrawal of water from any natural sources, including surface water or groundwater, nor do we discharge any water directly into the environment. All wastewater generated from these administrative activities is discharged into and treated by the municipal sewerage system. The municipal authorities undertake treatment of the wastewater, while adhering to established local environmental regulations.

### Water Consumption Details

	Unit	2023	2024	2025
Total water consumption	m <sup>3</sup>	1,663.09	2,234.24	9269.13
Water Consumption Intensity	m <sup>3</sup> / employee	6.79	8.43	32.18



## WASTE MANAGEMENT

As a service-based organisation, Alliance generates limited waste, primarily from office operations, with paper being the main source. The Company seeks to reduce waste and paper consumption where possible and to encourage recycling through its day-to-day practices.

### Waste Details

	Unit	2023	2024	2025
<b>Waste Generated</b>				
Plastic Waste	Kilograms			1,488.56
E-waste	Kilograms	360,720	722,275	300.9
General waste	Kilograms			675,937.50
Paper Waste	Kilograms			3,869.00
<b>Waste Recycled</b>				
Plastic Waste	Kilograms			1,488.56
E-waste	Kilograms	2,984	4,109	300.9
General waste	Kilograms			3,869.00
Paper Waste	Kilograms			3,869.00
<b>Waste Sent to Disposal</b>				
Plastic Waste	Kilograms			
E-waste	Kilograms	357,736	718,166	
General waste	Kilograms			675,937.50
Paper Waste	Kilograms			



### Environmental Impact of Waste Management Program

Alliance Insurance follows a practical approach to waste management, focusing on paper, plastic, and electronic waste from office operations. Through service providers such as Shredit and Releop, the Company supports recycling and secure disposal practices as part of its environmental management efforts.

The unified impact of these efforts has resulted in:



#### Emissions Management

The combined recycling of paper and plastic has successfully mitigated 3,537 kg of CO2 equivalents, directly combatting climate change.



#### Natural Resource Conservation

The firm’s commitment has resulted in the preservation of 84.33 trees and the saving of 157,842 litres of water



#### Energy and Fuel Efficiency

By repurposing materials, Alliance Insurance has saved a total of 28,434.83 kWh of energy and 3,856.72 litres of oil, reducing the demand for fossil fuels and virgin material production.



#### Landfill Diversion

Diverting 3,869 KG of paper waste and 1,488.56 KG of plastic wastes from landfills significantly reduced the burden on local waste infrastructure, helping save 14.89 m3 of landfill space from paper waste, 1,205.69 ft<sup>3</sup> of space from plastic waste, along with 3,856.72 liters of oil.

# 11 Our Commitment to the SDGs



Alliance recognises the United Nations Sustainable Development Goals (SDGs) as a widely used framework for addressing global sustainability challenges. As an insurance company, the Company seeks to support these goals through its business activities and governance practices, while continuing to focus on providing financial protection and contributing to broader societal resilience.



Alliance offers insurance solutions that act as a safety net for the UAE's economic fabric. By underwriting diverse portfolios, we safeguard the wealth of individuals and businesses, complemented by **AED 130,000** in direct social contributions to NGOs such as Beit Al Khair Society and the Al Noor Centre to support vulnerable demographics.



The company institutionalized a “zero-harm” culture, recording **540,288 person-hours** with no high-consequence work-related injuries or fatalities reported during the period. Beyond physical safety, they promoted holistic wellbeing through a comprehensive Wellness Campaign and targeted mental health sessions, such as SUDOKU competitions and stress management webinars.



Human capital growth is driven by a 100% completion rate for career development reviews across all eligible employees. The firm heavily invests in national capacity building by facilitating professional training through the **Emirates Institute of Finance** and specialized programs like **Ethraa**, ensuring their workforce is equipped for the evolving financial services landscape.



Gender parity is a core cultural pillar, with women representing **42% of the total workforce** (111 permanent female employees). Strategic procurement further supports this goal, as the company increased its engagement with **women-owned suppliers by 33%** over the previous year, while maintaining an 11.1% female representation at the Board level.



During the reporting period, Alliance strengthened its contribution to decent work and local economic participation through targeted Emiratisation and responsible procurement practices. Emirati representation increased by 108%, reaching a total of 75 national employees, reflecting continued investment in local talent development. In parallel, the Company directed approximately 84.8% of its total procurement spend (around AED 4.18 million) to UAE-based suppliers, supporting local businesses and contributing to domestic economic activity.



The “NSure” platform was deployed to digitize Life Insurance operations, streamlining the customer journey and enhancing operational agility. To support this infrastructure, the company achieved **100% BitLocker encryption** and Data Loss Prevention (DLP) across corporate laptops, ensuring data integrity for all stakeholders.



Climate resilience is now a mandatory component of the company's **Own Risk and Solvency Assessment (ORSA)**. Alliance backed this governance with tangible action, recycling **100% of its plastic, e-waste, and paper waste**, which successfully mitigated **3,537 kg of CO<sub>2</sub> equivalents** and preserved 84.33 trees.



## Our Relationship Capital: Cultivating Consumer Trust and Satisfaction



### Key Highlights:



Zero substantiated complaints regarding customer privacy breaches or data loss.



Strengthened consumer trust by integrating with **Sanadak** for transparent, independent external complaint resolution

Relationship Capital reflects the trust-based relationships Alliance maintains with its customers and stakeholders. In an industry built on the promise of future security, our success is defined by our ability to transform every interaction into a testament to our reliability. By placing the consumer at the center of our operational universe, we ensure that Alliance remains a preferred partner for individuals and businesses across the UAE.



Supporting customer trust and satisfaction

Our strategy for enhancing Relationship Capital is focused on two primary drivers

Maintaining effective feedback and complaints-handling processes



## CULTIVATING CONSUMER TRUST AND SATISFACTION

The Company seeks to provide clear and accessible communication through multiple channels including in-person, telephonic, and digital interactions. Digital tools, including website-based self-service features, are used to support customer access to information and complaint submission. Consistent service standards are applied across business units to support timely and appropriate handling of customer matters. Social media channels are also used to facilitate engagement and respond to customer inquiries where relevant.

## FEEDBACK AND COMPLAINT MANAGEMENT

We view customer feedback as a vital tool for continuous improvement. Our complaints handling framework is aligned with the UAE regulatory expectations

### 1. Receipt and Acknowledgment

Whether received through our website, email, telephone, or branch visits, every complaint is handled with efficiency and care. We guarantee an initial acknowledgment within **48 hours**, which includes a unique reference number for status tracking.

### 2. Resolution and Timeline

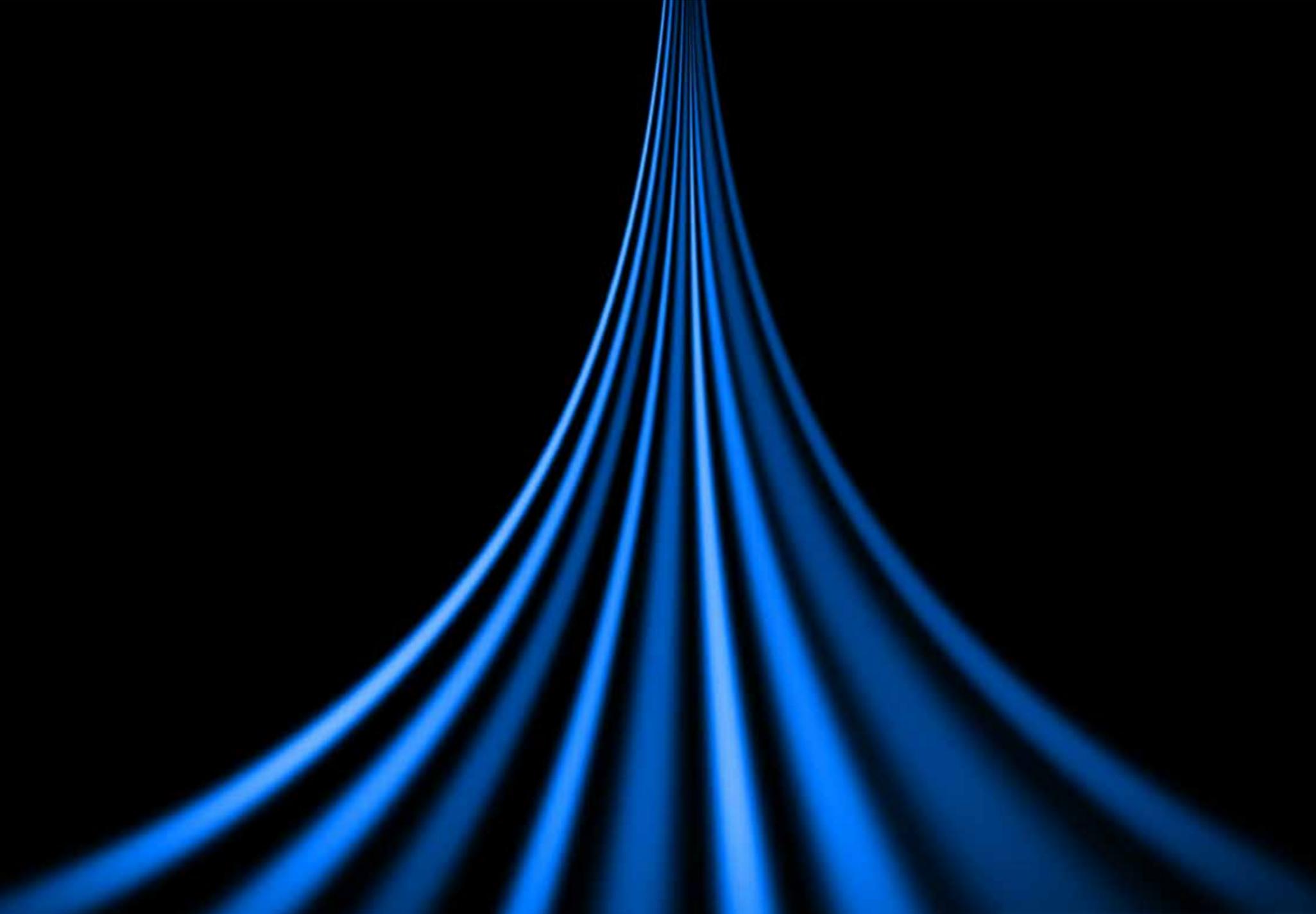
We aim to address complaints within five business days, where possible. In cases requiring further investigation, customers are informed of any extended timelines. Outcomes of the complaint investigation are communicated to the customer through email.

### 3. Escalation Protocols

To ensure transparency, we maintain a clear internal and external escalation path:

- **Internal Escalation:** Issues unresolved after 10 days, or those where dissatisfaction persists, are elevated to Department Heads. Matters extending beyond 30 days are referred directly to the GM and the Compliance department.
- If a final resolution is not reached to the customer's satisfaction, they may escalate the matter to **Sanadak**, the independent Ombudsman Unit established by the Central Bank of the UAE, or relevant health authorities such as the DOH or DHA.

Detailed visual representations of our process flow can be found on the company website:  
<https://www.alliance-uae.com/complaints/>



## Our Financial Capital: Sustaining Economic Value



### Key Highlights:



Maintained an 'A-' (Excellent) financial strength and credit rating from AM Best (Credit Rating Agency) for the **19th consecutive year**.



Implemented a **Responsible Tax Stewardship** policy in 2025 to manage compliance with the UAE's evolving corporate tax landscape.



AED 1,299,541,372 Total Assets



AED 36,958,002 Net Profit After Tax

## DRIVING RESILIENCE AND LONG-TERM VALUE

At Alliance, we view Financial Capital not merely as a measure of our balance sheet, but as a strategic tool to ensure long-term resilience for our clients and sustainable returns for our shareholders. In an era of global economic shifts, our financial strategy is anchored in disciplined capital allocation, rigorous risk management, and an unwavering commitment to transparency.

Our management of Financial Capital is centered on two strategic pillars:

### Driving Resilience and Long-Term Value

We prioritize solvency and liquidity to ensure that Alliance remains a beacon of stability, regardless of market volatility. By diversifying our investment portfolio and optimizing our underwriting excellence, we generate the consistent value necessary to fund our growth, innovate our product offerings, and meet our long-term obligations to policyholders.





### Responsible Tax Stewardship

We recognize that tax contributions are a vital component of our social contract and a key driver of national development in the UAE. Alliance adheres to a policy of responsible tax stewardship, characterized by full compliance with local and international tax regulations, including the UAE's evolving corporate tax landscape. We view the transparent fulfillment of our tax obligations as a fundamental contribution to the public infrastructure and services that support a thriving economy.

## ECONOMIC VALUE GENERATED AND DISTRIBUTED

The following table illustrates how the wealth generated by Alliance Insurance is distributed among our various stakeholders, reflecting our broader impact on the economy.

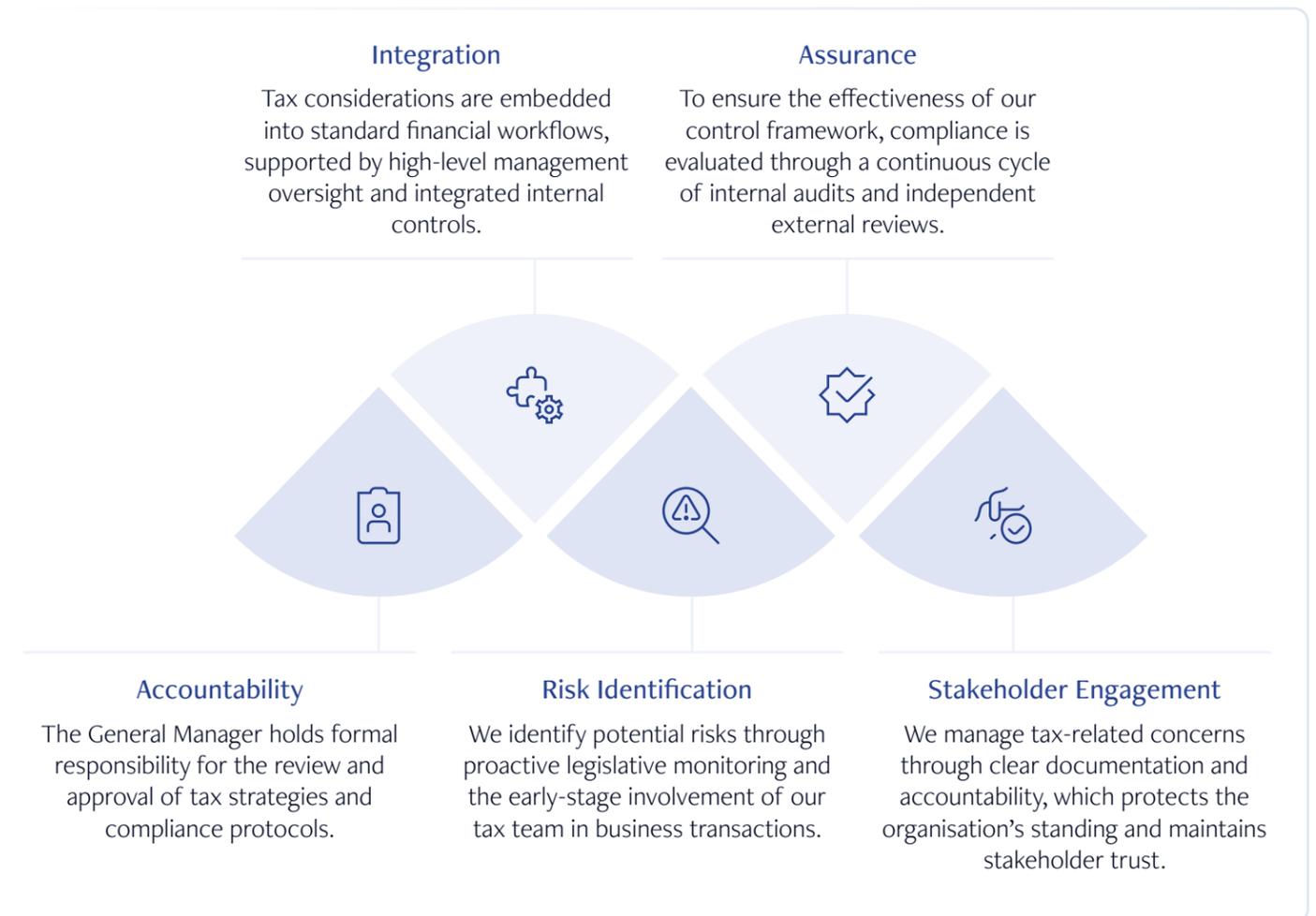
<b>Direct Economic Value Generated</b> AED 330,841,326	<b>Economic Value Distributed</b> AED 86,207,981.63	Operating Costs	14,543,664.96	<b>Economic Value Retained</b> AED 244,633,344.37
		Employee Wages & Benefits	24,439,635.48	
		Payments to Providers of Capital	30,000,000.00	
		Payments to Government (UAE)	17,187,430.19	
		Community Investments	37,251.00	

## RESPONSIBLE TAX STEWARDSHIP AND GOVERNANCE

Alliance Insurance views its approach to taxation as a fundamental extension of its commitment to responsible corporate citizenship. We ensure that all tax payments align strictly with our actual economic activity within the United Arab Emirates (UAE), thereby supporting the public revenue necessary for national infrastructure and social services.

### Tax Governance Framework

Our tax strategy is underpinned by a structured governance model designed to mitigate regulatory and reputational risks:



## 1. A statement describing the measures adopted during 2025 to complete and enhance the Company's corporate governance framework, and how such measures were implemented.

Alliance Insurance Co. (PSC) gives utmost priority to the practices of executing the governance controls and the Institutional Discipline Standards as a result of its compliance with the Chairman of Securities and Commodities Authority's Board of Directors' Decision no. (3/Chairman) of 2020 and its amendments Concerning Approval of Joint Stock Companies Governance Guide.

Alliance places strong attention to disclosure principles and transparency for the practices of corporate governance controls. The following is a brief of activities and practices adopted by Alliance insurance Company:

- Monitor the internal control system in the company through audit committee and the internal audit department ensuring internal control functions are implemented properly for all departments in the company.
- Timely disclosure of its quarterly financial results, decisions taken at the Board of Directors or General Assembly meetings through Capital Market Authority (CMA) and Dubai Financial Market (DFM).
- The Board of Directors, Senior Management of the Company and its executive departments continue to work in accordance with prudent underwriting principle and guidelines, as well as the adoption of conservative investment guidelines in order to protect the rights of its shareholders and clients.
- The investment committee ensures the implantation of investment guidelines, review of investments performance and takes necessary investment decisions to diversify its portfolios and improve returns.

## 2. A statement describing the measures adopted during 2025 to complete and enhance the Company's corporate governance framework, and how such measures were implemented.

NO.	Name	Position/ Relationship	Stocks on 31/12/2025	Sales	Purchase
1	Mr. Matar Alblooshi	Chairman	-	None	None
2	Mr. Khalid Al Mashani	Vice Chairman	289,850	None	None
3	Mr. Bijan Khosrowshahi	Member	-	None	None
4	Mr. Shahreyar Haider Ashraf Nawabi	Member	-	None	None
5	Ms. Laila Yousef Al Jassmi	Member	-	None	None
6	Mr. Salem Mohammed Obaidalla	Member	-	None	None
7	Mr. Khalifa Salim Humaid Al Mashwi	Member	5000	None	None
8	Mr. Khalid Naser Alshamsi	Member	-	None	None
9	Vacant				

\*Mr. Khalid Al Mashani was nominated to the Board by "Solidarity Bahrain", which holds 28.985% of the Company's issued share capital as at 31/12/2025. The director himself holds no direct beneficial interest in the Company's shares

### 3. Board Composition

A-It contents nine members as mentioned below:

Sn.	Name	Category (Executive, Nonexecutive, and Independent	Experience and Qualifications	Period served as a BOD member of the Company since his first election date	Memberships and positions in other joint-stock companies	Positions held in any other important regulatory, governmental or commercial entities
1	Matar Mohamed Alblooshi	Non-Executive and Independent	<ul style="list-style-type: none"> <li>– Holds a bachelor’s degree in business administration in Banking &amp; Financial Management from the University of Arkansas, USA.</li> <li>– Has over 30 years of experience in investment and leadership.</li> <li>– Held several prestigious positions in the country and currently serves as the Group Chief Investment Officer at DAS Holding LLC.</li> </ul>	25/07/2025	<ul style="list-style-type: none"> <li>– Emirates Strategic Investment Company (ESIC)</li> <li>– Al Salam Bank – Bahrain</li> <li>– Al Salam Bank – Algeria</li> <li>– Al salam Ban Capital</li> <li>– Air Arabia</li> <li>– Etisalat Misr</li> <li>– Sayacorp</li> </ul>	None
2	Mr. Khalid Al Mashani	Non-Executive Non-Independent	<ul style="list-style-type: none"> <li>– Holds Master’s Degree in International Boundary Studies from the School of Oriental And African Studies, the University of London, UK.</li> <li>– Holds a Bachelor’s Degree in Economics from Buckingham University in the UK.</li> <li>– Attended various professional Management financial programs including strategic finance and leadership from International Management Development “IMD” the Lausanne, Switzerland.</li> <li>– Chairman of Bank Muscat from 2011 till now.</li> </ul>	15/05/2025	<ul style="list-style-type: none"> <li>– Chairman – Bank Muscat SAOG, Sultanate of Oman</li> <li>– Chairman - Dhofar International Development &amp; Investment Holding Co, Oman.</li> <li>– Deputy Chairman – Al Omaniya Financial Services SAOG, Oman.</li> <li>– Director – Dhofar Food &amp; Investment Co SAOG, Oman.</li> <li>– Chairman – Al Salam Bank, Bahrain</li> <li>– Chairman – Solidarity Group – Bahrain</li> </ul>	None
3	Mr. Bijan Khosrowshahi	Non-Executive Non-Independent	<ul style="list-style-type: none"> <li>– Holds MBA from the Drexel University in the United States in 1986.</li> <li>– Worked in the American International Group AIG in various areas of work and held various positions in many US states during the period from 1986 to 1997.</li> <li>– Regional Vice President, AIG’s domestic property and casualty operations for Mid-Atlantic region – USA.</li> <li>– Vice Chairman and Managing Director, AIG Sigorta – Istanbul, Turkey 1997 to 2001.</li> <li>– President of AIG – General Insurance operations in Seoul, South Korea, 2001 to 2004.</li> <li>– CEO of Fuji Fire and Marine Insurance company. in Japan in 2004 to 2009.</li> <li>– President of Fairfax International from 2009 to present.</li> <li>– Served on the boards of the World Affairs Council and Insurance Society, Philadelphia.</li> <li>– Council member of the USO, Korean</li> <li>– Chairman of the Insurance Committee of the American Chamber of Commerce, Korea.</li> <li>– Member of the Turkish Businessmen’s Association, Turkey.</li> </ul>	Since April, 2012	<ul style="list-style-type: none"> <li>– Gulf Insurance Group, Kuwait – Board Member, Member of the Executive &amp; Investment Committee</li> <li>– Gulf Insurance &amp; Reinsurance Co., Kuwait - Vice Chairman of the Board of Directors, Chairman of the Audit Committee &amp; Member of the Executive Committee. - Bahrain Kuwait Insurance Co., Bahrain</li> <li>– Board Member &amp; Member of the Executive Committee.</li> <li>– Arab Misr Insurance Group, Egypt – Board Member, Member of the Audit &amp; Risk Management Committee. - Arab Orient Insurance Co., Jordan – Board Member, Member of the Executive &amp; Risk Committee.</li> <li>– Gulf Sigorta, Turkey – Chairman of the Board</li> <li>– GIG Gulf, Bahrain – Board Member, Chairman of the Nomination &amp; Remuneration Committee, Member of the Audit &amp; Compliance Committee and Member of the Risk &amp; Corporate Governance Committee</li> <li>– GIG Cooperative Insurance, Saudi Arabia–Vice Chairman of the Board &amp; Non-Executive Member.</li> <li>– Colonnade Insurance, Luxembourg – Chairman of the Board Member &amp; Member of the Underwriting Committee.</li> <li>– Southbridge Compañía de Seguros Generales Chile – President of the Board of Directors.</li> <li>– La Meridional Compañía Argentina de Seguros S.A.</li> <li>– Argentina –</li> <li>– Alternate Director (Director Suplente).</li> <li>– SBS Seguros Colombia, Colombia – Principal Member of the Board of Directors.</li> <li>– Jordan Kuwait Bank, Jordan - Member of the Bank’s Board of Directors.</li> </ul>	None

Sn.	Name	Category (Executive, Nonexecutive, and Independent	Experience and Qualifications	Period served as a BOD member of the Company since his first election date	Memberships and positions in other joint-stock companies	Positions held in any other important regulatory, governmental or commercial entities
4	Mr. Shahreyar Haider Ashraf Nawabi	Non-executive and Independent	<ul style="list-style-type: none"> <li>- Holds Bachelor of Arts degree in Jurisprudence (LLB). Awarded 2(i) honors degree from - University of Oxford, UK - 1995-1998.</li> <li>- Completed Mandatory vocational education in accordance with the rules of the Law Society of England, Oxford institute of legal Practice in Oxford , UK. - holds Master of Law (LLM) with a concentration in corporate law. Awarded by “Merit”. Form University of London , UK ( 1999-2000).</li> <li>- Holds a completion certificate of legal training as a Qualified solicitor in the corporate department in England and Wales from (REED SMITH LIP ) - from 2000 to 2005, London - United Kingdom.</li> <li>- Worked as a Managing Associate (Corporate Department) at Linklaters LIP from 2005-2008 - London - United Kingdom and Dubai - United Arab Emirates.</li> <li>- Served as Chief Legal Officer investment arm of the Government of Dubai since 2008-2012, specializing in dealing with advised on a range of complex transactions including public and private M&amp;A, public debt issuances, syndicated lending facilities, bilateral facilities, derivative transactions, formation of investment funds, and corporate re-organizations.</li> <li>- Currently holds the position of Senior Vice President – Legal for the Emirates Group since 2012 and Emirates Airlines, including managing the legal team for the corporate and commercial legal affairs relating to Emirates Airline and 24 business divisions of the Emirates Group, as well as managing the Group’s privacy compliance in line with a proliferation of global privacy legislation being promulgated to regulate the new digital economy as per the European Commission under the European General Data Protection Regulation.</li> </ul>	30 /11/2023	None	None
5	Mr. Salem Mohammed Obaidalla	Non-executive and Independent	<ul style="list-style-type: none"> <li>- Business Administration Degree from Wentworth Institute of Technology in Boston, United States</li> <li>- He has been working with Emirates Group since 1991 and has held several positions during this period and currently holds the position of Senior Vice President – Commercial Operations Americas</li> </ul>	16/09/2024	Emirates NBD Bank Emirates - Islamic Bank	NA
6	Mrs. Laila Al Jassmi	Non-executive and Independent	<ul style="list-style-type: none"> <li>- Holds Master’s degree in Executive Health Care Administration from Zayed University in affiliation with the University of Arizona USA.</li> <li>- Holds Bachelor of Science of Health information administration program in 1990 from Kuwait University</li> <li>- Served as a head of health information management section in Rashid Hospital (1990-2005)</li> <li>- Served as Director Of Planning &amp; Statistics Department in Dubai Health Authority (2005-2007)-developing strategy - set the departments policies and procedures - analyzing the statistics information and surveys conducted to identify all physical and infrastructure potential problems.</li> <li>- Served as DHA Transition Director (2007-2008) and was responsible for laying and leading the management strategy for health in Emirate of Dubai.</li> <li>- Served as Director of Health Funding department in DHA (2008-2009)</li> <li>- Served as CEO Clinical Support Service Sector (2009-2010)</li> <li>- Served as a CEO Health Policy &amp; Strategy Sector (2010-2013)</li> <li>- Currently working as Founder &amp; CEO Health beyond Borders 2013-till present. Beyond Borders is a bespoke Dubai Based health care advisory firm focusing on healthcare strategy, insurance policies, payers’ relationship, Project management, market studies and research analysis</li> </ul>	07/06/ 2024	NA	NA

Sn.	Name	Category (Executive, Nonexecutive, and Independent	Experience and Qualifications	Period served as a BOD member of the Company since his first election date		Memberships and positions in other joint-stock companies	Positions held in any other important regulatory, governmental or commercial entities
7	Mr. Khalifa Salim Humaid Al Mashwi	Non-executive non Independent	<ul style="list-style-type: none"> <li>- One of businessmen and holder of the following certificates and courses: Certificate of engineering in the technical devices of the UK CAT (Control Automatic Transmission System)</li> <li>- A course in directing and television preparation - UK.</li> <li>- A course in television output - Egypt</li> <li>- Course in Cinema Institute for directing - Egypt</li> <li>- He worked for Dubai TV during which he worked in several jobs, latest was TV Operation Supervisor</li> </ul>	Since 2004	None	None	
8	Khalid Al Shamsi	Non-Executive And Independent	<ul style="list-style-type: none"> <li>- Holds a Bachelor degree of Science in Business Administration in Accounting and International Business from the University of Louisville - USA.</li> <li>- Holds a certificate of Advanced Management Program from Harvard Business School.</li> <li>- Holds several certificates for attending several programs in leadership, Corporate Governance and Directors' programs.</li> </ul>	15/05/2025	Bank Muscat	None	
9	Vacant seat						
	Mr. Ahmed Saif Rashid bin Bakhit	Non-executive and non - Independent	<ul style="list-style-type: none"> <li>- He is a businessman and holds a master's degree in military sciences - Faculty of Command and Staff - Egypt.</li> <li>- He served as an officer in the United Arab Emirates Air Force.</li> <li>- Certificate in attending Disaster Plan Preparation and Validation Course - Dubai Aviation College.</li> <li>- Certificate in completing No 43 Initial Officer Training Course - Royal Air Force College - Cranwell.</li> <li>- Certificate on completing Helicopter Pilot Training Course- Oxford Air Training School.</li> <li>- Served as an officer in the United Arab Emirates Air Force.</li> </ul>	Since 1997	None	None	
	Mr. Shahnawaz Haider Ashraf	Non-executive, and Independent	<ul style="list-style-type: none"> <li>- Holds Bachelor of Arts degree in 2006. Awarded honors degree from STANFORD UNIVERSITY.</li> <li>- Holds Masters Business administrator in Strategic Management, Corporate Restructuring, Technology and Operations Management, Negotiation, Business Analysis and Valuation from HARVARD BUSINESS SCHOOL , UK ( 2009-2011).</li> <li>- Served as A management consultant at Boston Consulting Group with UAE and KSA government bodies to develop the long term strategy for multiple public sector institutions and also in Strategy development for organizations across industries including Fast Moving Consumer Goods, Financial Services, Public Sector / Government. ( 2007-2015 )</li> <li>- Served as Managing Director with Cambridge Associates</li> <li>- Led teams of Directors, Associates and Analysts in structuring and managing multi asset investment portfolios. Clients included European and Middle Eastern institutions (Charitable Foundations, Sovereign Wealth Funds, and Family Offices). ( 2015-2019)</li> <li>- Independent Consultant and investor ( 2020-2021)</li> <li>- Currently as Chief Investor officer at Shamal Holding (2022- present). It is a leading global institutional investment company in Dubai.</li> </ul>	07 June 2024	NA	NA	

Sn.	Name	Category (Executive, Nonexecutive, and Independent	Experience and Qualifications	Period served as a BOD member of the Company since his first election date	Memberships and positions in other joint-stock companies	Positions held in any other important regulatory, governmental or commercial entities
	Mr. Ali Mubarak Ali Al Soori	Non-executive and non-Independent	<ul style="list-style-type: none"> <li>– Holds a bachelor’s degree from the University of Colorado in the United States of America.</li> <li>– Working in the Emirates Group since 1986 and has held many positions till date.</li> </ul>	Since 2012	None	<ul style="list-style-type: none"> <li>– Chief Procurement and Facilities Officer – The Emirates group</li> <li>– Board of Directors – African &amp; Eastern Dubai.</li> <li>– Managing Director – Asam Investments &amp; Real Estate.</li> <li>– Board of Directors – Millennium Airport Hotel, Dubai</li> </ul>
	Mr. Khaled Al Hasan	Non-executive, and non-Independent	<ul style="list-style-type: none"> <li>– Holds a Bachelor degree in Political Science and Economics from Kuwait (1976). His professional Insurance and Administrative experience exceed over 30 years in different Executive positions. He joined GIC in 1978. He is currently the Board member and CEO of the gig, the</li> </ul>	7 June 2024	<ul style="list-style-type: none"> <li>- Chairman of Kuwait Insurance Federation “KIF” (Kuwait).</li> <li>- Board of Directors in many of Gulf Insurance Group subsidiaries</li> </ul>	None

**Statement of the percentage of female representation in the Board for 2025:**

Female represented 11.11% of Board Membership.

**A statement of the reasons for not nominating any female candidate for the board membership:**

Not applicable.

**A statement of the bonuses, allowances and fees received by members of the board of directors:**

**a. Total bonuses paid to the Board members for the year 2025:**

As per Article 39 of the Articles of Association, the CBUAE Corporate Governance Regulations for Insurance Companies and the agreement signed between the company and each Board member at the time of appointment, the remuneration of the Board of Directors is fixed and shall not exceed 10% of the net profits. The remuneration paid for 2024 under the articles of association was as follows:

Statement	Paid Remunerations
Year	2024
Amount	1,062,555

**b. Total bonuses paid to the Board members for the year 2024:**

As per Article 39 of the Articles of Association, the CBUAE Corporate Governance Regulations for Insurance Companies, and the remuneration of the Board of Directors is fixed and shall not exceed 10% of the net profits. Accordingly, the proposed remuneration for 2025 has been determined in compliance with these regulations and will be presented for approval at the Annual General Assembly as follows:

Statement	Paid Remunerations
Year	2025
Amount	2,882,969

**c. A statement of the details of the suggested allowances for attending committee sessions of the BOD, for the fiscal year 2025.**

Sn.	Name	Committee	Attendance Allowance	
			Allowance Value	No of meetings
1	Mr. Shahreyar Nawabi – Chairperson	Nomination & Remuneration Committee	AED 67,500/-	6
2	Mr. Bijan Khosrowshahi – Member		AED 40,000/-	5
3	Sh. Khalid Al Mashani – Member		AED 42,500/-	4
4	Mr. Khalid Al Shamsi – Member		AED 42,500/-	4
5	Ms. Laila Al Jassmi – Member		AED 30,000/-	3
6	Mr. Salem Obaidalla – Member		AED 5,000/-	1
7	Mr. Khaled Al Hasan – Member		AED 5,000/-	1
1	Ms. Laila Al Jassmi – Chairperson	Audit Committee	AED 45,000/-	4
2	Mr. Khalifa Al Mashwi – Member		AED 35,000/-	4
3	Mr. Khalid Al Shamsi – Member		AED 25,000/-	2
4	Mr. Salem Obaidalla – Member		AED 10,000/-	2
1	Mr. Salem Obaidalla – Chairperson	Risk Committee	AED 45,000/-	4
2	Ms. Laila Al Jassmi – Member		AED 35,000/-	4
3	Mr. Khalid Al Shamsi – Member		AED 12,500/-	1
1	Sh. Khalid Al Mashani – Chairperson	Investment Committee	AED 15,000/-	1
2	Mr. Bijan Khosrowshahi Member		AED 12,500/-	1
3	Mr. Salem Obaidalla - Member		AED 12,500/-	1
4	Mr. Khalid Al Shamsi – Member		AED 12,500/-	1

**d. Details of any additional allowances, salaries, or fees charged by a member of the Board of Directors, other than the fees for attending the committees and their reasons**

None

Numbers and dates of BOD meetings held during the FY 2025 as well as the attendance frequency by all the members; in person and by proxy:

Sn.	Date of Meeting	Members attended	Attended by proxy	Members not attended
1	15/01/2025	5	none	1. Mr. Ali Al Soori 2. Mr. Khalifa Al Mashwi 3. Mr. Ahmed Saif – resigned 4. Mr. Shahnawaz Nawabi – resigned
2	30/01/2025	6	none	1. Mr. Ali Al Soori 2. Vacant Seat due to the resignation of Mr. Ahmed 3. Vacant Seat due to the resignation of Mr. Shahnawaz
3	06/03/2025	4	none	1. Mr. Ali Al Soori 2. Mr. Khalid Al Hasan 3. Mr. Bijan Khosrowshahi 4. Vacant Seat 5. Vacant Seat
4	25/04/2025	5	none	1. Mr. Ali Al Soori 2. Mr. Khalid Al Hasan 3. Vacant Seat 4. Vacant Seat
5	13/05/2025	5	none	1. Mr. Ali Al Soori 2. Mr. Khalid Al Hasan 3. Vacant Seat 4. Vacant Seat
6	23/06/2025	6	none	1. Mr. Ali Al Soori 2. Mr. Khalid Al Hasan 3. Mr. Salem Obaidalla
7	03/07/2025	5	none	1. Mr. Ali Al Soori 2. Mr. Khalid Al Hasan 3. Mr. Bijan Khosrowshahi 4. Mr. Salem Obaidalla
8	12/08/2025	6	none	1. Mr. Ali Al Soori 2. Mr. Khalid Al Hasan 3. Mr. Bijan Khosrowshahi
9	15/09/2025	7	none	1. Mr. Khalifa Al Mashwi 2. Mr. Al Hasan - resigned
10	09/10/2025	7	none	1. Mr. Khalifa Al Mashwi 2. Vacant Seat
11	14/11/2025	8	none	1. Vacant Seat
12	27/11/2025	6	none	1. Mr. Bijan Khosrowshahi 2. Ms. Laila Aljassmi 3. Vacant Seat

#### Number of decisions passed by during the fiscal year of 2025:

There were two decisions circulated by the Board of Directors during 2025, dated 14/03/2025 and 28/03/2025.

## 4. Board Committees

### Audit Committee

**A. I (Laila Al Jassmi) as a Chairman of the Audit Committee, acknowledge my responsibility for the Committee system at the company, and reviewing its operations and ensuring its effectiveness.**

**B. The Audit Committee consists of the following majority independent and non-executive Board members:**

Ms. Laila Al Jassmi - Chairperson  
Mr. Khalid Al Shamsi - Member  
Mr. Khalifa Al Mashwi - Member

The Committee has been entrusted with the following duties and responsibilities in addition to all clauses of the Chairman of Capital Market Authority's Board of Directors' Decision no. (3/Chairman) of 2020 and its amendments:

- Develop and implement the policy of contracting with the External Auditor and submit a report to the Board of Directors specifying the issues that need an action along with their recommendations.
- Verify and ensure the independence, objectivity and discussion of the external auditor on the nature, scope of the audit and its effectiveness in accordance with the approved auditing standards.
- Monitor and review the integrity of the company's annual, semi -annual and quarterly financial statements as part of its regular duties during the year and after closing quarterly financials. In particular focusing on the followings:
  - Any changes in accounting policies and practices.
  - To highlight the subject areas to management report.
  - Significant amendments resulting from the audit.
  - Comply with the accounting standards determined by CMA.
  - Comply with the rules of listing, disclosure rules and other legal requirements related to the preparation of financial reports.
- Coordination with the Company' Board of Directors, Executive Management and Chief Finance Office/Finance Manager to perform the duties of the Committee; and meet with Company's external auditors at least once a year.
- Consider any important and unusual items that are, or should be included in such reports and accounts and shall exercise the due diligence to any matters raised by The Chief Finance Officer/Finance Manager Compliance Officer or External Auditor.
- Review the financial controls, internal control systems and risk management regulations.
- Discuss the internal control systems with management and ensure the performance of its duty in establishing an effective internal control system.
- To consider the results of the main investigations in the internal control matters assigned to the Audit Committee by the Board of Directors or initiated by the Committee and approved by the Board of Directors.
- Ensure that there is coordination between internal auditor and external auditor to ascertain that necessary resources are provided for the internal audit system and to monitor the effectiveness of that function.
- Review the financial and accounting policies and procedures of the company.
- Review the External Auditor's Report, action plan and any queries that may be submitted to the executive management regarding accounting records, financial accounts or control systems and the executive management response to such queries.
- Establish controls that enable Company's staff to report any potential violations of financial reports, internal controls or other matters and actions to ensure the independence and fair investigations of such violations.

13. Monitor the company's compliance with the Code of professional conduct.
14. Ensure that the business rules related to the Audit Committee obligations and the powers entrusted to them by the Board of Directors are implemented and submit a report to the Board of Directors on the matters included in this clause.
15. Consideration of any other matters determined by the Board of Directors.

The role of the Committee is to support the Board of Directors in performing its duties to ensure the effective use of available resources, follow up the work of the External Auditor and review the Company's internal control system

#### C. Number of meetings held by the committee during 2025:

Sn.	Date of Meeting	Members attended and position	Attended by proxy	Members not attended
1	27/02/2025	1. Ms. Laila Aljassmi - Chairperson 2. Mr. Salem Obaidalla – Member 3. Mr. Khalifa Al Mashwi – Member	none	none
2	12/05/2025	1. Ms. Laila Al Jassmi – Chairperson 2. Mr. Salem Obaidalla – Member 3. Mr. Khalifa Al Mashwi – Member	none	none
3	08/08/2025	1. Ms. Laila Al Jassmi – Chairperson 2. Mr. Khalid Al Shamsi – Member 3. Mr. Khalifa Al Mashwi – Member	none	none
4	7/11/2025	1. Ms. Laila Al Jassmi – Chairperson 2. Mr. Khalid Al Shamsi - Member 3. Mr. Khalifa Al Mashwi- Member	none	none

#### D. Annual Audit Committee Report

##### 1. Review of Significant Matters in Financial Statements

During the year 2025, the Audit Committee reviewed significant matters affecting the financial statements. These matters were addressed through regular meetings with the finance team, reviews of supporting documentation, and detailed discussions with the external auditor.

##### 2. The assessment methodology applied in evaluating the effectiveness of the external audit process and the independence of the external auditor, the approach to the appointment or reappointment of the auditor, and the tenure of the current audit firm.

The committee evaluates the independence of the external auditor by reviewing their audit plan, scope, materiality, and methodology before making appointment recommendations. Additionally, it obtains confirmation from the external auditor at each committee meeting regarding their independence. To ensure the effectiveness of the external audit, the committee regularly reviews the external auditor's work and holds annual meetings with the external auditor, without the presence of senior management, to promote transparency and allow for discussions of any issues, concerns, or findings.

Regarding the appointment, the external auditor is appointed for a renewable one-year term, with a maximum tenure of six years, and the audit partner being rotated every three years according to relevant regulations. Thus, the external auditor, Grant Thornton, was initially appointed in 2023 and reappointed in 2025.

##### 3. Recommendations on the appointment, reappointment, or dismissal of the external auditor, and reasons for any Board rejection of such recommendations.

The audit committee recommended the reappointment of Grant Thornton as the company's external auditor for the year 2025. This recommendation is based on the proposal shared with the committee as well as their proven track record of delivering high-quality audits, expertise in the industry, and commitment to independence. The board accepted the recommendation by the Audit committee and nominated Grant Thornton as the external auditor for the year 2025, which was approved at the AGM held on 28th April 2025.

#### 4. Measures taken to safeguard auditor independence when providing non-audit services:

The company's Corporate Governance Manual ensures the external auditor's independence by restricting certain non-audit services. External auditor was not appointed for any services other than the Statutory Audit of the company during the year 2025.

#### 5. Actions taken or planned to address deficiencies arising from failures in internal control or risk management.

To address deficiencies in internal controls and risk management, the committee will review senior management's strategy for risk management, compliance, governance, and internal controls, including fraud prevention, financial and IT security controls. It will also conduct an annual assessment of internal control effectiveness and approve relevant statements for the annual report. In 2025, the committee reviewed key policies, recommending them for Board approval to strengthen governance and enhance internal controls.

#### 6. Evidence that all internal audit reports identifying medium- and high-risk matters were reviewed to determine whether such matters arose from significant violations or material weaknesses in internal controls:

The Audit Committee reviewed all the key observations rated as Medium and High risk, with a specific focus on compliance with applicable laws and regulations, company policies and procedures, and fraud prevention. During 2025, the Audit Committee reviewed all Internal Audit reports and evaluated the management action plan along with the target implementation dates to ensure timely addressing of identified weaknesses.

Accordingly, the committee determined that none of the reported issues stemmed from significant violations but required enhanced monitoring to prevent recurrence.

#### 7. Corrective action plans addressing material internal control and risk-management deficiencies:

The committee has entrusted the internal audit department with conducting follow-ups on corrective actions and reporting the progress to the Audit Committee at regular intervals (quarterly). Accordingly, the Audit Committee reviewed the actions taken by management so far and evaluated the reasonableness of the proposed implementation dates. Furthermore, the Audit Committee advised management to rectify all corrective actions on a priority basis.

#### 8. Evidence of the review of all related-party transactions, including the observations or findings arising from such review, and the extent of compliance with applicable laws.

To ensure compliance with applicable laws and regulations, the compliance department provided the Audit committee

Members with detailed reports on all related party transactions during 2025 for review. Following the committee's evaluation, no significant irregularities were identified, and all transactions were confirmed to be in compliance with Corporate Governance standards and regulatory requirements.

#### Nominations and Remuneration Committee

##### A. I (Shahreyar Nawabi) as Chairman of the Nomination and Remuneration Committee acknowledge my responsibility for the Committee system at the Company, review of its operation and ensuring its effectiveness.

##### B. The Nomination and Remuneration Committee was formed as follows:

Mr. Shahreyar Nawabi - Chairperson  
Mr. Khaled Al Mashani - Member  
Mr. Bijan Khosrowshahi - Member  
Ms. Laila Aljassmi - Member  
Mr. Khalid Al Shamsi - Member

Director Name] was nominated to the Board by [Shareholder/Entity Name], which holds X% of the Company's issued share capital as at 31/12/2025. The director himself holds no direct beneficial interest in the Company's shares

### Summary of the Nominations and Remuneration Committee responsibilities.

The Nomination and Remuneration Committee has been entrusted with the following duties and responsibilities in addition to all clauses of the Chairman of Capital Market Authority's Board of Directors' Decision no. (3/Chairman) of 2020 and its amendments:

1. Establish a nomination policy for the Board of Directors Members and Executive Management, which aims to ensure gender diversity.
2. Organize and monitor the procedures for nomination to the Board of Directors in accordance with the applicable laws and regulations and the provisions of this resolution.
3. Ensure the independency of the independent members.
4. Develop the policy of the remuneration, benefits and incentives for the Board of Directors and employees of the company and to review it periodically.
5. Determine the company's requirements for competencies at the level of executive management and employees and the bases of their selection.
6. Develop, monitor the implementation of HR Policies and review them annually.
7. Annual Review.
8. Consider of any other matters determined by the Board of Directors of the Company.

### C. Number of meetings held by the committee during 2025:

Sn.	Date of Meeting	Members attended and position	Attended by proxy	Members not attended
1	23/01/2025	1. Mr. Shahreyar Nawabi - Chairperson 2. Mr. Khalid Al Hasan – Member 3. Mr. Bijan Khosrowshahi- Member	none	none
2	23/04/2025	1. Mr. Shahreyar Nawabi – Chairperson 2. Mr. Bijan Khosrowshahi – Member 3. Mr. Salem Obaidalla – Member	none	none
3	25/06/2025	1. Mr. Shahreyar Nawabi – Chairperson 2. Mr. Bijan Khosrowshahi – Member 3. Ms. Laila Aljassmi – Member 4. Mr. Khalid Al Mashani – Member 5. Mr. Khalid Al Shamsi – Member	none	none
4	07/07/2025	1. Mr. Shahreyar Nawabi – Chairperson 2. Mr. Bijan Khosrowshahi – Member 3. Ms. Laila Aljassmi – Member 4. Mr. Khalid Al Mashani – Member 5. Mr. Khalid Al Shamsi – Member	none	none
5	25/09/2025	1. Mr. Shahreyar Nawabi – Chairperson 2. Mr. Bijan Khosrowshahi – Member 3. Ms. Laila Aljassmi – Member 4. Mr. Khalid Al Mashani – Member 5. Mr. Khalid Al Shamsi – Member	none	none
6	21/11/2025	1. Mr. Shahreyar Nawabi – Chairperson 2. Mr. Khalid Al Mashani – Member 3. Mr. Khalid Al Shamsi - Member	none	1. Ms. Laila Al Jassmi 2. Mr. Bijan Khosrowshahi

### Risk Committee

**A. I (Salem Obaidalla) as Chairman of the Risk Committee, acknowledge my responsibility for the Committee system at the Company, review of its operation and ensuring its effectiveness.**

**B. The Risk Committee was formed by non-executive and majority of independent Board members as follows:**

- Mr. Salem Obaidalla - Chairperson
- Ms. Laila Al Jassmi – Member
- Mr. Khalid AL Shamsi- Member

### The committee's powers and tasks assigned to it

The Committee has been entrusted with the following duties and responsibilities in addition to all clauses of the Chairman of Capital Market Authority's Board of Directors' Decision no. (3/Chairman) of 2020 and its amendments:

3. Review matters & related issues, and have effective communication and coordination with the other Board Committees for exchange of information (if required).
4. Establish and maintain relationships with external advisors, and consultants.
5. Ensure reporting to the CBUAE on relevant risk related areas as part of the integrated report as per the applicable laws and regulations.
6. Review risk management reports and provide periodic updates to the Board on the risk management practices and strategies, key risks facing the business, any changes to the risk profile and the respective mitigation plans.
7. Approve the respective risk related guidelines, internal policies, rules, and procedures to ensure compliance to the applicable laws, regulations, and requirements of the regulatory bodies.
8. Oversee implementation of an effective risk management/ risk governance framework and culture, recommend to the Board for approval, and update the same annually.
9. Oversee implementation of risk management policies & procedures, which include identifying, measuring, evaluating, monitoring, reporting and controlling or mitigating all internal and external sources of material risks, and recommend to the Board for approval.
10. Review and recommend the acceptable level of risk in the Company (Risk Tolerance & Risk Appetite) to the Board for approval and update the same annually.
11. Evaluate the effectiveness of the systems and techniques of risk management to identify, measure, manage and monitor various risks that the Company is/ may be exposed to.
12. Ensure there is an effective approach followed in establishing business continuity planning, data contingency and information technology disaster recovery plans.
13. Ensure that risk assessments are performed regularly, follow up on their implementation, monitor the risk management process, and receive assurance from internal and external assurance providers regarding the effectiveness of the risk management process.
14. Discuss the controls in place to assume & accept, avoid, control, transfer, watch & monitor risk, amongst other things with Risk Management function and Management (if required).
15. Review and approve the periodic results/scenarios of the stress-testing program to facilitate the tracking of trends over time and developments in key risk factors and exposure amounts.
16. Oversee implementation of a fraud risk management system including strategy, organizational structure, policies and procedures, and recommend the strategy to the Board for approval.

17. In conjunction with the Board Investment Committee, assess and manage investment risks, including market, credit, liquidity, and operational risks.
18. In conjunction with the Board Audit Committee: Review Senior Management’s strategy to design, implement, and maintain appropriate risk management, compliance, governance, and internal control procedures; and maintain effective communication and coordination with the Board Audit Committee to facilitate the exchange of information and effective coverage of all risks, including emerging risks, and any needed adjustments to the Alliance’s risk governance framework.
19. Review Alliance’s reinsurance strategy and ensure appropriate oversight and consistent implementation of reinsurance programs.
20. Review the delegation of authority and the limits set by the management and provide recommendations to the Board of Directors to empower the Senior Management to manage the day-to-day business affairs of the Company.

**C. Number of meetings held by the Committee during 2025:**

Sn.	Date of Meeting	Members attended and position	Attended by proxy	Members not attended
1	13/03/2025	1. Mr. Salem Obaidalla - Chairperson 2. Ms. Laila Al Jassmi – Member	none	Mr. Khaled Al Hasan - Member
2	26/05/2025	1. Mr. Salem Obaidalla - Chairperson 2. Ms. Laila Al Jassmi - Member	none	Mr. Khaled Al Hasan - Member
3	16/09/2025	1. Mr. Salem Obaidalla - Chairperson 2. Ms. Laila Al Jassmi – Member 3. Mr. Khalid AL Shamsi- Member	none	None
4	12/12/2025	1. Mr. Salem Obaidalla - Chairperson 2. Ms. Laila Al Jassmi – Member	none	Mr. Khalid AL Shamsi - Member

**Investment Committee:**

**A. I (Khaled Al Mashani) as a Chairman of Investment Committee, I acknowledge my responsibility for the Committee system at the company, review of its operation and ensuring its effectiveness.**

**B. The committee consists of the below members:**

- Mr. Khaled Al Mashani - Chairperson
- Mr. Bijan Khosrowshahi - Member
- Mr. Salem Obaidalla - Member
- Mr. Khalid Al Shamsi - Member

**Summary of the Committee’s work report during 2025:**

In 2025, the Committee reviewed investment opportunities and proposals, carefully examining them before making recommendations. These recommendations were then submitted to the Board of Directors for final approval, particularly in the event of any changes to the company’s strategy or strategic decisions.

**C. Statement of number of meetings held by the Committee during 2025:**

Sn.	Date of Meeting	Members attended and position	Attended by proxy	Members not attended
1	15/09/2025	1. Mr. Khalid Al Mashani –Chairperson 2. Mr. Bijan Khosrowshahi - Member 3. Mr. Salem Obaidalla – Member 4. Mr. Khalid Al Shamsi – Member	none	Mr. Khalid Al Hasan

**Insiders’ Trading Follow-Up and Supervision Committee:**

**A. I (Ehab Radwan Tolba) as Chairman of The Insiders’ Trading Follow-up and Supervision Committee Acknowledge my responsibility for the follow-up, its work mechanism and ensuring its effectiveness.**

**B. The Insiders’ Trading Follow-up and Supervision Committee was established to deal with insiders and consists of the following members:**

- Mr. Ehab Radwan Tolba - Chairperson
- Mr. Mahmoud Sherif - Member
- Ms. Rana Barhoush - Member

**Summary of the Committee’s work report during 2025:**

The Committee assumed the responsibilities and duties set out below and all the provisions of the Chairman of Capital Market Authority’s Board of Directors’ Decision no. (3/Chairman) of 2020 and its amendments:

1. Ensure compliance with the company’s Insiders trading policies.
2. Coordinate to obtain periodic Insiders Declarations at the onboarding stage
3. Prepare a special and complete register for all insiders.
4. Notify the CMA and DFM of an updated list of insiders. Submit a copy of the Insiders Register to the Authority upon request.
5. Comply with any other requirements specified by the Authority.

**C. Summary Report on Committee’s function during 2025:**

The Insiders Committee meets as frequently as it deems to address reporting obligations to the DFM and CMA, during 2025, the Committee convened eleven (11) times.

**D. A statement describing delegation of powers and responsibilities by the Board to a Board member or to executive management during 2025, including the duration and scope of such delegation:**

Category	Name of delegated person	Delegation Validity	Duration
A	1. Mr. Matar Alblooshi 2. Mr. Shahreyar Nawabi 3. Ms. Laila Aljassmi 4. Mr. Salem Obaidalla 5. Mr. Khalid Al Shamsi 6. Mr. Khalifa Al Mashwi	<ul style="list-style-type: none"> <li>– Joint signature to approve payments for any amounts and authorized to sign letters to update Bank authorized signatory list based on Board resolution.</li> <li>– One from category A with one from category B for amounts up to AED 5,000,000.</li> <li>– One from category A with one from category B for any amount for intra-company transfers and placements of Fixed Deposits.</li> <li>– One from Category A and one from Category C can approve payments up to AED 700,000.</li> </ul>	Unlimited period
B	1. Mr. Rami El Mughrabi - GM 2. Mr. Prakashan Kodakkadan – Chief Underwriting Officer	<ul style="list-style-type: none"> <li>– Approve jointly payments up to AED 2,500,000</li> <li>– Approve jointly up to 10,000,000 for placements of premature of Fixed Deposits and intra-company transfers.</li> <li>– One from Category B with one from category A for amounts up to AED 5,000,000.</li> <li>– One from Category B with one from Category C for amount up to AED 700,000.</li> <li>– One from category A with one from category B for any amount for intra-company transfers and placements of Fixed Deposits.</li> </ul>	Unlimited period

C	1.	Mr. Harsha Jagadish – Reinsurance Manager	- Approve jointly with A or B for payments up to AED 700,000.	Unlimited period
	2.	Mr. Muhammad Ayaz – Finance Manager	- Approve jointly payments up to AED 100,000.	
D	1.	Mr. Shahreyar Nawabi – Board Member	- Provide investment instructions to buy and sell securities but not to transfer amounts to other custodians or bank accounts – Any amount.	Unlimited period
	2.	Mr. Rami El Mughrabi – GM		
E	1.	Mr. Shahreyar Nawabi – Board Member	- The authority to sign on behalf of the company.	Unlimited period
F	1.	Mr. Rami El Mughrabi – GM	- To conduct all Company’s affairs with the exception of opening and closing Bank Accounts.	Unlimited period

**C. Statement of the details of transactions made with the related parties (stakeholders), during 2025:**

Sn.	Date of Meeting	Nature of relationship	Type of Transaction	Transaction volume
1	Mr. Khalifa Al Mashwi	1. Board Member	Insurance Premium	93,183
2	Other companies partly owned by Rashed Juma Saif and Yahya Juma Saif	2. Shareholder	Insurance premiums	861,961
3	Companies fully owned by Mr. Saeed Mohammed Al Kamda	3. Shareholder	Insurance premiums	142,837

During the year 2025, the Company issued insurance policies, collection of premiums and payment of claims to companies owned by the Board member and Shareholders who have insurance transactions with the Company and classified as related parties in accordance with International Financial Reporting Standards. The total written premium from related parties is AED 1,043,981/-.

There were no transactions equal to 5% or more of Company’s capital with related parties during 2025.

**5. Board Performance Evaluation:**

Board, Committees and Executive Management Assessment:

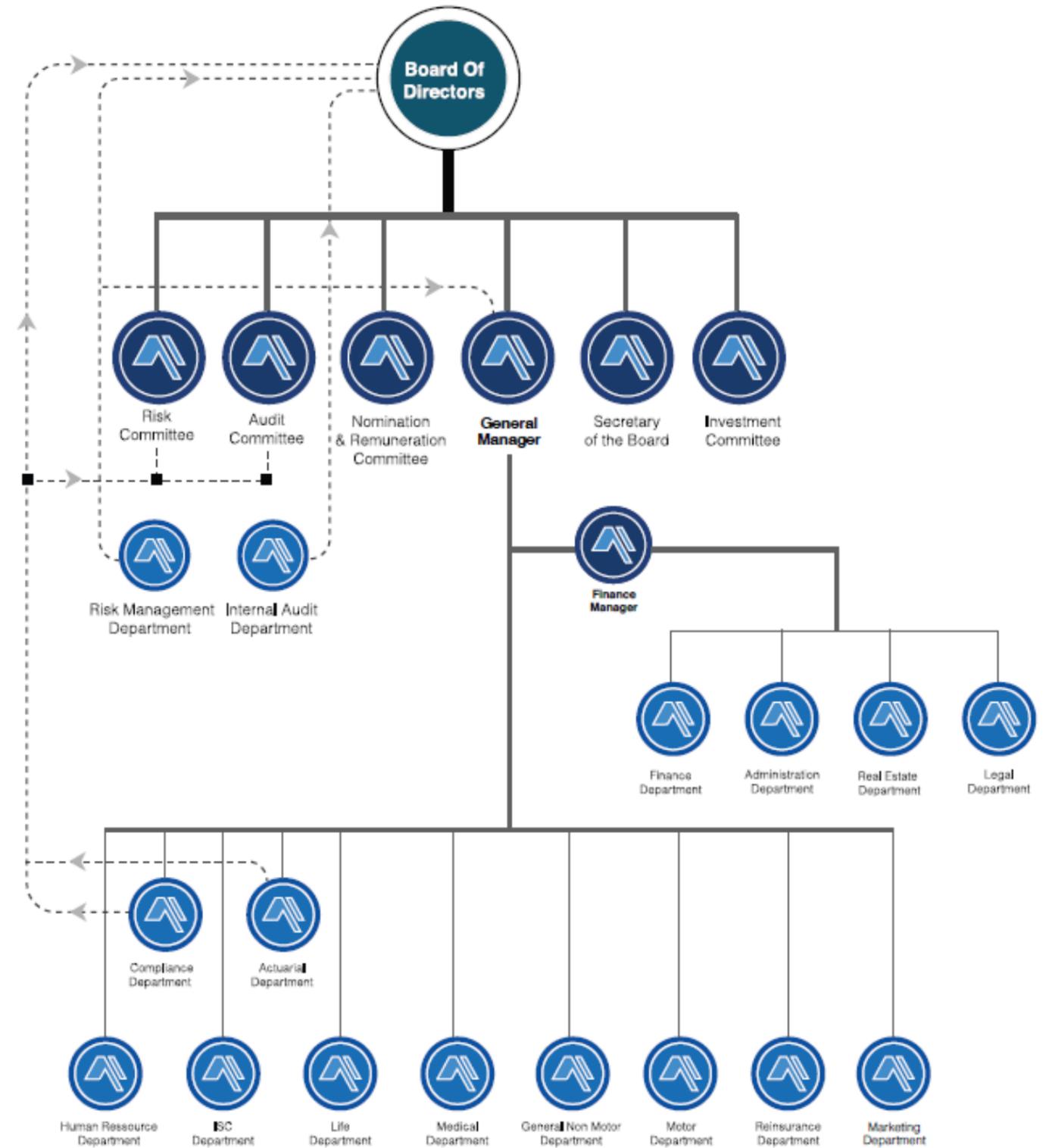
**A. The annual assessment of the performance of the board of directors, its members and committees:**

An assessment conducted by NRC for company’s board of directors, its committees and the executive management for the year 2025. Recommendation was set to be considered during the election for the new board cycle.

**B. Assessment of the company’s board of directors, its members and committees by an independent professional Entity:**

An external Assessment for Board of Directors, its members and committees was conducted by independent professional Entity in 2025.

**6. Organizational Structure and Executive Management:**



**A detailed statement of the senior executive employees in the first and second ranks according to the Company's organizational structure, their jobs, dates of appointment, total salaries and bonuses paid to them:**

Sn.	Position	Date of Appointment	Total Salaries and Allowances paid in 2025 (AED)	Total Bonuses paid for 2025 (AED)	Any other Cash/in-kind bonuses for 2025 or due in the future
1	General Manager	09/11/2016	1,226,114.00	Not Declared	None
2	Manager - Reinsurance Dept.	21/08/2019	345,490.00	Not Declared	None
3	Chief Underwriting Officer	15/05/2023	399,120.00	Not Declared	None
4	Head of Motor Dept	10/08/2000	406,500.00	Not Declared	None
5	Head of Actuarial Dept & IFRS 17 Reporting	14/04/2019	352,065.00	Not Declared	None
6	Head of Life Dept	09/06/2019	438,000.00	Not Declared	None
7	Head of Health Insurance Dept	01/11/2024	360,000.00	Not Declared	None
8	Manager – Finance Dept.	26/08/2012	246,124.00	Not Declared	None
9	Manager – HR Dept.	01/05/2018	240,000.00	Not Declared	None
10	Head of Broker Relations and Branches	29/05/2023	330,000.00	Not Declared	None
11	Manager - IT Dept.	01/06/2006	351,428.00	Not Declared	None
12	Head of Compliance Dept	22/05/2023	341,782.00	Not Declared	None

## 7. External Auditor

### A. A brief about Company's External Auditor to the shareholders:

Grant Thornton was appointed by General Assembly Meeting held on 28/04/2025 as an external auditor for the year 2025.

Grant Thornton is among of the international accredited auditing firms in the UAE and operating in the Middle East since 1966, specifically since 1998 in the UAE. Grant Thornton also audits many companies through several Branches in the Region and performs financial auditing for many insurance companies in the UAE.

### B. A brief about Company's External Auditor to the shareholders:

Name of Auditing Firm: Grant Thornton	Partner Name – Auditor – Mohammad Farooq
Audit Firm Tenure (Years as External Auditor):	3
Audit Engagement Partner Tenure (Years Auditing Financial Statements)	3
Total value of audit fees for 2025 (in AED):	AED 440,000
Nature and Description of Non-Audit Services Provided by the External Auditor (if any):	None
Total Non-Audit Fees for 2025 (AED):	None
Statement of the other services that an external auditor other than the Company's auditor provided in 2025 (if any):	None

### C. Statement explaining the reservations that the company auditor included in the interim and annual financial statements for 2025:

There were no reservations by the External Auditor in the quarters and annual financial statements of the year 2025.

## 8. Internal Control System

- The Board of Directors of the Company acknowledges its responsibilities for the internal control system and its effectiveness. The Board also reviews the system to ascertain its effectiveness ensuring company and its employees are fully compliant with the provisions of the laws, regulations and decisions in force. The Board of Directors responsibilities further include the monitoring of internal policies, procedures and reviewing the financial data presented to the Company's Senior Management which is used in the preparation of Financial Statements.
- Mr. Khalid Bassam Elayyan was appointed as Internal Auditor on 26 June 2018 and assumed responsibility for the Internal Audit Department until 31 October 2025. He holds a Bachelor's degree in Finance from the University of Jordan and is a Certified Fraud Examiner (CFE) accredited by the Association of Certified Fraud Examiners (ACFE). Mr. Elayyan has over ten years of combined experience in external and internal auditing, including more than five years as an External Auditor with one of the most reputable international audit firms before transitioning to internal audit. Following the resignation of Mr. Khalid Elayyan, Mr. Dinuka Dharshana Pradeep Liyanage, who was appointed as Assistant Manager – Internal Audit effective 3 July 2023, was promoted to the position of Interim Internal Audit Manager effective 1 December 2025, subject to CBUAE approval. Mr. Dinuka holds several professional qualifications in the fields of Accounting, Internal audit and Fraud investigation. He is an Associate Member of the Institute of Chartered Accountants of Sri Lanka (ACA) and a member of the Association of Chartered Certified Accountants (ACCA – UK). He also holds the Certified Fraud Examiner (CFE) certification, accredited by the Association of Certified Fraud Examiners (ACFE) and the Certified Information Systems Auditor (CISA) certification, accredited by the Information Systems Audit and Control Association (ISACA). Mr. Dinuka has over ten years of combined experience in Internal Auditing and Investigations.
- Mrs. Rana Barhoush, a Jordanian national, has assumed the duties of Head of Compliance Department since 05/22/2023. Mrs. Rana holds a Bachelor Degree in Computer Engineering from the University of Science and Technology - The Hashemite Kingdom of Jordan and also holds several certificates in the field of money laundering, including CAMS, CFCS and CGSS, Mrs. Rana has more than ten years of experience in the field of compliance and money laundering in the country.
- Alliance has contracted for Chief Information Security Officer (vCISO) with UAE-based cybersecurity consulting firm to enhance the cybersecurity posture and compliance with regulatory requirements. The vCISO service includes advisory, oversight, and implementation of information security strategies, tailored specifically to the needs of an insurance provider operating in the UAE.
- The Internal Control Department deals with potential challenges or matters that arise in the Company and submits its reports to the Audit Committee, in turn the Audit Committee presents any observations to the Board of Directors along with recommendations to address gaps in the internal control system and to resolve irregularities if any. This is conducted periodically or at any time the Board finds it necessary. Noting that, in the year 2025 the Company did not face any challenges that required the involvement Internal Control Department. Also, there were no material undisclosed issues in the annual report and Financial Statements of the company for the year 2025. The Internal Control Department prepares the annual audit plan with the Audit Committee and the concerned departments within the Company in order to implement agreed plans, in addition to carrying out any other duties or responsibilities required by the Board of Directors or the Audit Committee.

### Number of reports issued by the Internal Control Department to the Board of Directors:

During Fiscal year 2025, four Audit Committee meetings were conducted to discuss 4 Internal Audit reports issued to Audit Committee.

## 9. Details of the violations committed during the year 2025, and explanation for their causes, and how to address them and avoid their recurrence in the future:

During the reporting period 2025, regulatory observations were raised by the Central Bank of the UAE in relation to broker licensing; however, no financial penalties were imposed. In response, Alliance implemented additional controls to strengthen oversight in this area.

Separately, observations were raised by the Department of Health – Abu Dhabi, for which a fine of AED 30,000 was imposed. Alliance has since initiated the implementation of a new system to enhance controls and ensure full and sustainable compliance with applicable regulatory requirements.

## 10. Risk management

### 1. Over view of Risk management strategy

Alliance risk management strategy is a comprehensive framework aimed at identifying, assessing, and managing risks to fulfil the company's objectives. It involves a commitment from all levels of the management, integrating the risk management into corporate culture and governance. The strategy includes roles for the Board Risk Committee and Risk Management department, emphasizing transparency, controls, and accountability. Tools for effective risk management include detailed reporting and review processes, ensuring data quality and business continuity procedures. The strategy focuses on maintaining a balance between risk and opportunity, aiming for a sustainable and resilient operational environment.

### 2. Information On purpose, strategies, Structures and related controls of material and complex or non-transparent activities.

Purpose of the Risk management strategy is to ensure the right risk culture and Risk governance implementation across the organization.

#### Strategies and structure

**Risk Governance and Tools:** Alliance has established a risk governance model ensuring proper structures and tools for identifying, monitoring, and controlling risks. This includes a clear governance structure, roles, and responsibilities, as well as the use of both qualitative and quantitative tools for risk analysis.

- **Roles and Responsibilities:** The roles and responsibilities within the risk management framework are clearly defined, supporting the Board Risk Committee (BRC) in managing and reporting major risks, developing appropriate risk frameworks with adequate limits, and facilitating the day-to-day management and monitoring of risks.
- **Reporting and Review:** The performance of the company and its risk exposures are closely monitored through comprehensive management information packages, which are presented to the BRC, senior management, and, when required, external bodies or CBUAE.

#### Related Risks and related Controls

- **Material Risks:** Include various types of risks such as underwriting, claims, capital, reserving operational, market, credit, liquidity, and strategic risks. Each type of risk has specific controls and mitigation strategies.
- **Complex or Non-transparent Activities:** The strategy emphasizes the importance of transparency, data quality, and independence in managing risks associated with complex or non-transparent activities. Controls in these areas include ensuring accurate and reliable data for decision-making, clear segregation of duties, and the establishment of a stress testing framework.
- **Risk Materiality and Complexity Handling:** Alliance implements use of risk analysis tools designed to rank or prioritize

risks, recommending a methodology that matches the significance and complexity of the risk being analyzed. This includes a detailed process for identifying, assessing, and responding to risks, ensuring that the company's capital management strategies are aligned with its risk appetite and regulatory requirements.

### 3. Forward-Looking Statements

Alliance continuously following up with the changes in the market and evolving nature of the risks.

Emerging Risk frame work included in the ORSA policy and procedure for the forward-looking risk aspect of the company.

- **Digital Transformation and Cybersecurity:** Alliance Insurance is poised to lead the digital transformation within the insurance sector, aiming to enhance customer experience and operational efficiency. However, this digital shift brings the forefront of cybersecurity risks, requiring constant vigilance and adaptive risk management strategies.
- **Climate Change and Sustainability:** As part of our commitment to sustainability, Alliance Insurance is integrating climate risk assessments into our risk management framework. We anticipate that the increasing frequency and severity of weather-related events will have a significant impact on underwriting strategies and claims management.
- **Regulatory Evolution:** The evolving regulatory landscape, particularly around solvency and consumer protection, will drive Alliance Insurance to continuously adapt our risk management practices to not only comply with new regulations but to exceed them, ensuring robust financial health and consumer trust.

## 11. Statement of the cash and in-kind contributions made by the company during 2025 to support local community development and environmental preservation:

During 2025, Alliance Insurance PSC demonstrated its strong commitment to social responsibility by contributing a total of AED 84,500 to charitable and humanitarian organizations serving diverse community needs. Beneficiaries included Beit Al Khair Society, the Emirates Association of the Visually Impaired, Al Noor Centre for the Care of Disabled, and the Emirates Thalassemia Society, reflecting Alliance's continued dedication to meaningful community engagement.

In line with its focus on employee wellbeing, Alliance organized a comprehensive Wellness Campaign in collaboration with AE Planner, Kings Medical Center, Yana Beauty Center, Pegasus Home Healthcare, Etoile Polyclinic, VLCC, and Pure Medical Center. The campaign witnessed strong participation from stakeholders and reinforced the importance of preventive healthcare. Additionally, Alliance conducted a virtual employee wellness webinar in partnership with the American Wellness Center, addressing work-related stress and effective stress management techniques.

During Breast Cancer Awareness Month, Alliance held an awareness session and health check-up and distributed pink flower bouquets to female employees, reinforcing its commitment to women's empowerment and employee wellbeing. The Company also marked Emirati Women's Day by granting a half-day leave to Emirati female employees in recognition of their contributions.

Further strengthening its community outreach, Alliance organized two visits to the Senior Citizens Happiness Center, where employees interacted with elderly residents through informal conversations and shared meals, fostering companionship, social connection, and mutual respect. In addition, Alliance hosted a Chess and Sudoku competition for employees and the public, aimed at promoting mental wellbeing, encouraging healthy competition, and fostering camaraderie, with prizes awarded to the winners.

To support environmental sustainability, Alliance continued its efforts to reduce paper consumption through recycling initiatives and the adoption of eco-friendly solutions. The Company renewed its partnership with M/s Shred-it, resulting in significant environmental savings during 2025, including the preservation of 84.33 trees, a reduction of 560 kg of CO<sub>2</sub> equivalents, savings of 14.89 m<sup>3</sup> of landfill space, 19,840 kWh of energy, and 157,842 liters of water. Alliance also renewed its partnership with M/s Reloop for plastic recycling, through which 1,488.56 kg of plastic was recycled, reducing 2,977 kg of CO<sub>2</sub> emissions and saving 8,594.83 kWh of electricity, 1,205.69 ft<sup>3</sup> of landfill space, and 3,856.72 liters of oil.

Additionally, Alliance organized an environmental clean-up drive at Wadi Shawkah in Ras Al Khaimah, where employees actively participated in removing litter and waste, contributing to environmental preservation. The initiative also raised awareness about environmental responsibility while fostering teamwork and community spirit.

Furthermore, Alliance continued to use organic pesticides for pest control in its owned buildings and adopted eco-friendly materials across advertising, office supplies, and sanitary products, reinforcing its commitment to sustainable operations.

To promote national identity and unity, Alliance celebrated UAE Flag Day with active staff participation and hosted a UAE National Day celebration for employees and public visitors. The event featured a traditional Emirati breakfast, henna painting, cultural food and gift distribution, and a live Al Ayala performance symbolizing unity, heritage, and national pride.

In support of cultural inclusivity and employee engagement, Alliance also celebrated Onam and the New Year, offering employees opportunities to participate in traditional festivities, strengthen team spirit, and enhance cross-cultural understanding.

## 12. General Information

### A. A statement of the Company share price in the Market during the year 2025:

Month	Closing Price	High	Low
January 2025	390.000	390.000	390.000
February 2025	390.000	390.000	390.000
March 2025	390.000	390.000	390.000
April 2025	390.000	390.000	390.000
May 2025	390.000	390.000	390.000
June 2025	390.000	390.000	390.000
July 2025	390.000	390.000	390.000
August 2025	390.000	390.000	390.000
September 2025	390.000	390.000	390.000
October 2025	390.000	390.000	390.000
November 2025	390.000	390.000	390.000
December 2025	390.000	390.000	390.000

### B. Statement of the comparative performance of the company's share with the market index and the sector index to which the company belongs during year 2025:

Month	Share price of the company	Market Index	Sector Index
January 2025	390.000	5180.37	3597.35
February 2025	390.000	5317.63	3724.21
March 2025	390.000	5096.24	3441.05
April 2025	390.000	5307.15	3645.11
May 2025	390.000	5480.51	3806.57
June 2025	390.000	5705.76	3984.16
July 2025	390.000	6159.15	4465.32
August 2025	390.000	6063.61	4305.85
September 2025	390.000	5839.64	4196.04
October 2025	390.000	6059.43	4377.01
November 2025	390.000	5836.89	4120.18
December 2025	390.000	6047.09	4327.88

### C. Statement of shareholding distribution as of 31/12/2025:

Sn.	Shareholder Category	Distribution of Shares Held			Total
		Individual	Companies	Government	
1	Local	460,000	50,000	-	510,000
2	GCC	-	489,850	-	489,850
3	Arab	-	-	-	-
4	Foreign	150	-	-	150
	Total	460,150	539,850	-	1,000,000

### D. A statement of the shareholders who hold 5% or more of the Company's capital as of 31/12/2025:

Sn.	Name	Number of Shares Held	% of the Shares Held of the Company's Capital
1	M/s. Solidarity Bahrain	289,850	28.985%
2	M/s. Gulf Insurance Company	200,000	20%
3	Ms. Fatma Obaid Khalfan Tamim	79,467	7.9467%
4	Mr. Saeed Mohammed Al Kamda	75,000	7.5%
5	Mr. Rashid Saif Rashid Ali Bakhit	52,130	5.213%
6	M/s. Ashraf Nawabi Foundation	50,000	5%
7	Mr. Rashid Saeed Mohammed Al Kamda	50,000	5%

### E. A statement of shareholders distribution according to the volume of ownership as of 31/12/2025:

Sn.	Share(s) Owned	Number of Investors	Owned Quantity	Owned quantity %
1	Less than 50,000	14	203,553	20.355%
2	Between 50,000 and 500,000	7	796,447	79.645%
3	Between 500,000 to and 5,000,000	0	0	0.000
4	Greater than 5,000,000	0	0	

### F. Statement detailing the procedures undertaken regarding investor relation controls:

The Company has appointed an Investor Relations Officer and assigned her with all duties as stated in the resolution of the Chairman of Capital Market Authority's Board of Directors' Decision no. (3/Chairman) of 2020 and its amendments:

Investor's Relation Officer Data:

Share(s) Owned	Number of Investors
Name:	Mahmoud Ahmed Sherif
Email:	ir@alliance-uae.com
Tel:	00971 46051250
Mobile No:	00971 50 2937884
Fax No:	00971 4605111/2/3
Direct Link:	<a href="http://www.alliance-uae.com/investor-relations/">http://www.alliance-uae.com/investor-relations/</a>

**G. Statement of special decision presented to the General Assembly held during 2025 and actions taken in relation thereto:**

There was no special resolution issued during the year 2025.

**H. Name of Board Secretary and date of appointment:**

Rapporteur Name	Alia Khalil Al Hattab
Appointed Date	25-Apr-1998

**I. Detailed statement of the material events and disclosures that the company encountered during 2025:**

The company celebrated its Golden Jubilee in 2025, and received A- (Excellent) rating from AM Best

**J. Statement of the deals made by the company with related parties during 2025 that equated to 5 % or more of the company's capital:**

None

**K. Statement of the percentage of Emiratization in the company by end of 2023, 2024 and 2025:**

The rate of Emiratization reached 11.43% in 2023, 13.58% by the end of 2024 and 26.04% by end of 2025. The company is working diligently to increase the numbers of UAE Locals with the cooperation of Ministry of Human Resources and Emiratization.

**L. A statement of the Innovative projects and initiatives implemented or under developing by the company during 2025:**

During 2025, the Company undertook innovative initiatives to enhance operational efficiency and support sustainable growth. These included the adoption of digital technologies, process automation, and system enhancements to reduce manual intervention and strengthen data security. The implementation of an enhanced core system is currently in progress. The new system will have auto underwriting engine and full paper less workflow.

Audit Committee Chairperson  
17/02/2026

Nomination & Remuneration  
Committee Chairperson  
17/02/2026

Internal Audit Manager  
17/02/2026

Chairman of the Board  
17/02/2026



APPENDICES

# Financial Statements



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

**ALLIANCE INSURANCE P.S.C.**  
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><b>Valuation of Insurance Contract Liabilities, Reinsurance Contract Assets and Reinsurance Contract Liabilities</b></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>We performed the following procedures in conjunction with our actuarial specialists:</p> <ul style="list-style-type: none"> <li>• 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;</li> <li>• Assessed of the competence, capabilities and objectivity of the management's appointed actuary;</li> <li>• Tested the completeness, and on sample basis, the accuracy and relevance of data used to determine future cashflows;</li> <li>• 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;</li> <li>• 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;</li> <li>• Evaluated and tested the calculation of the allowance for expected credit loss including the data, key assumptions and judgments used; and</li> <li>• Assessed the adequacy of disclosures included in the financial statements against the requirements of IFRS Accounting Standards.</li> </ul>

**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
<b>Valuation of Investment Properties</b> 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.  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.	Our audit procedures, among others, include: <ul style="list-style-type: none"> <li>• Obtained an understanding of the process of determining the fair value of the investment properties;</li> <li>• Assessed the competence, capabilities and objectivity of the management appointed independent external valuers;</li> <li>• Reviewed the scope of the engagement between the external valuer and the Company to determine if this was sufficient for audit purposes;</li> <li>• Verified the accuracy, completeness and relevance of the input data used for deriving fair values;</li> <li>• Evaluated the methodology and the appropriateness of key assumptions used in determining the fair value;</li> <li>• Agreed the results of the valuations to the amounts recorded in the financial statements; and</li> <li>• Assessed the adequacy of disclosures included in financial statements against the requirements of IFRS Accounting Standards.</li> </ul>

**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**

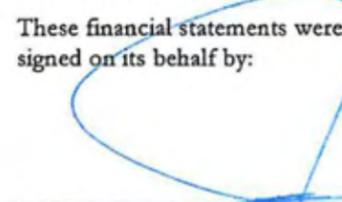

*Grant Thornton*  
 Farouk Mohamed  
 Registration No: 86  
 Dubai, United Arab Emirates

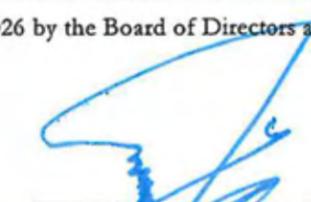
17 February 2026

**Alliance Insurance P.S.C.**
**Statement of financial position**  
**As at 31 December 2025**

	Notes	2025 AED	2024 AED
<b>Assets</b>			
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
<b>Total assets</b>		<b>1,299,541,372</b>	<b>1,280,927,011</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
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)
<b>Total equity</b>		<b>573,661,417</b>	<b>564,179,616</b>
<b>Liabilities</b>			
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
<b>Total liabilities</b>		<b>725,879,955</b>	<b>716,747,395</b>
<b>Total equity and liabilities</b>		<b>1,299,541,372</b>	<b>1,280,927,011</b>

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

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

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)
<b>Insurance service result before reinsurance contracts held</b>		<b>158,341,055</b>	<b>117,147,658</b>
Allocation of reinsurance premiums		(226,077,639)	(211,822,880)
Amounts recoverable from reinsurance for incurred claims		50,281,231	62,385,406
<b>Net expenses from reinsurance contracts held</b>		<b>(175,796,408)</b>	<b>(149,437,473)</b>
<b>Insurance service result</b>		<b>(17,455,353)</b>	<b>(32,289,815)</b>
Insurance finance expense	20	(13,897,646)	(12,637,116)
Reinsurance finance income	20	2,747,588	509,514
<b>Net insurance financial result</b>	20	<b>(11,150,058)</b>	<b>(12,127,602)</b>
Income from financial investments	21	40,924,265	47,818,966
Income from investment properties - net	22	28,836,524	27,121,261
<b>Total investment income</b>		<b>69,760,789</b>	<b>74,940,227</b>
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)
<b>Net profit for the year before tax</b>		<b>40,574,595</b>	<b>29,797,179</b>
Income tax expense - net	31	(3,616,593)	(2,616,751)
<b>Net profit for the year after tax</b>		<b>36,958,002</b>	<b>27,180,428</b>
<b>Basic and diluted earnings per share after tax</b>	17	<b>36.96</b>	<b>27.18</b>

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
<b>Net profit for the year after tax</b>		<b>36,958,002</b>	<b>27,180,428</b>
<b>Other comprehensive income:</b>			
<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
<b>Total other comprehensive income for the year</b>		<b>2,523,799</b>	<b>6,758,630</b>
<b>Total Comprehensive Income for the Year</b>		<b>39,481,801</b>	<b>33,939,058</b>

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	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
<b>Balance as at 1 January 2025</b>	<b>100,000,000</b>	<b>100,000,000</b>	<b>96,021,578</b>	<b>230,000,000</b>	<b>5,079,054</b>	<b>(2,999,724)</b>	<b>52,958,378</b>	<b>(16,879,670)</b>	<b>564,179,616</b>
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
<b>Cash flows from operating activities</b>			
Net profit for the year before tax		40,574,595	29,797,179
<b>Adjustments for:</b>			
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)
<b>Changes in working capital:</b>			
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)
<b>Cash used in operations</b>		<b>(18,372,574)</b>	<b>(59,270,292)</b>
Employees' end of service indemnity paid	15	(962,803)	(1,109,656)
<b>Net cash used in operating activities</b>		<b>(19,335,377)</b>	<b>(60,379,948)</b>
<b>Cash flows from investing activities</b>			
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
<b>Net cash generated from investing activities</b>		<b>76,409,875</b>	<b>86,309,362</b>
<b>Cash flows from financing activity</b>			
Dividends paid to shareholders	32	(30,000,000)	(30,000,000)
<b>Net cash used in financing activity</b>		<b>(30,000,000)</b>	<b>(30,000,000)</b>
<b>Net change in cash and cash equivalents</b>		<b>27,074,498</b>	<b>(4,070,586)</b>
Cash and cash equivalents at beginning of the year		10,739,777	14,810,363
<b>Cash and cash equivalents at end of the year</b>	12	<b>37,814,275</b>	<b>10,739,777</b>

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

**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

**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.

**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.

**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.

**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.

**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.

**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 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.

**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.

**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.

**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.

**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.

**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.

**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.

**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 Year	5 Years	10 Years	20 Years	30 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 Year	5 Years	10 Years	20 Years	30 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.

**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.

**Alliance Insurance P.S.C.****Notes to the financial statements  
For the year ended 31 December 2025****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
<b>Cost</b>							
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)	-
<b>Balance as at 31 December 2025</b>	<b>2,470,555</b>	<b>1,751,577</b>	<b>4,776,838</b>	<b>6,446,749</b>	<b>1,039,531</b>	<b>892,417</b>	<b>17,377,667</b>
<b>Accumulated depreciation</b>							
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	443,940	-	11,902,453
Charge for the year	-	165,016	35,312	430,497	133,447	-	764,272
<b>Balance as at 31 December 2025</b>	<b>-</b>	<b>1,751,577</b>	<b>4,714,150</b>	<b>5,623,611</b>	<b>577,387</b>	<b>-</b>	<b>12,666,725</b>
<b>Net book value</b>							
<b>Balance as at 31 December 2025</b>	<b>2,470,555</b>	<b>-</b>	<b>62,688</b>	<b>823,138</b>	<b>462,144</b>	<b>892,417</b>	<b>4,710,942</b>
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
<b>Balance as at 31 December</b>	<b>257,620,000</b>	<b>242,782,500</b>

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 2025 AED	31 December 2024 AED	31 December 2025 AED	31 December 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
	<b>333,490,690</b>	<b>325,467,492</b>	<b>338,993,555</b>	<b>325,981,910</b>

**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)
	<b>320,713,350</b>	<b>317,758,258</b>
Inside UAE	223,644,855	165,809,174
Outside UAE	97,068,495	151,949,084
	<b>320,713,350</b>	<b>317,758,258</b>

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 326,216,215 (2024: AED 318,272,676).

**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	<b>12,777,340</b>	<b>320,713,350</b>	<b>333,490,690</b>

**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
<b>Insurance contracts issued</b>						
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)
<b>Total insurance contracts issued</b>	<b>-</b>	<b>(706,031,965)</b>	<b>(706,031,965)</b>	<b>315,463</b>	<b>(696,308,473)</b>	<b>(695,993,010)</b>
<b>Reinsurance contracts held</b>						
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
<b>Total reinsurance contracts held</b>	<b>207,331,712</b>	<b>(161,127)</b>	<b>207,170,585</b>	<b>213,919,694</b>	<b>(180,503)</b>	<b>213,739,191</b>

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.

**Alliance Insurance P.S.C.**

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

**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		Total AED
	Liabilities for remaining coverage		Liabilities for incurred claims		
	Excluding loss component AED	Loss component AED	Excluding loss component AED	Loss component AED	
Insurance contract assets as at 1 January	431,693	-	-	-	315,463
Insurance contract liabilities as at 1 January	(8,207,041)	-	11,560,724	(4,503,754)	(280,037,333)
Net insurance contract liabilities as at 1 January	(7,775,348)	-	11,560,724	(4,503,754)	(279,721,870)
Insurance revenue	56,095,122	-	224,739,075	-	280,834,197
Insurance service expenses	(10,527,928)	-	(22,625,737)	283,765	(116,638,517)
Incurred claims and other expenses	-	-	-	-	(138,805,986)
Amortisation of insurance acquisition cash flows	(10,527,928)	-	(22,625,737)	-	(33,153,665)
Changes to liabilities for incurred claims	-	-	-	-	55,037,369
Reversals of losses on onerous contracts	-	-	-	283,765	283,765
Insurance service result	45,567,194	-	202,113,338	283,765	164,195,680
Insurance finance expenses	-	-	-	-	(3,202,774)
Total changes in the statement of comprehensive income	45,567,194	-	202,113,338	283,765	160,992,906
<b>Cash flows</b>					
Premiums received	(60,021,594)	-	(243,078,455)	-	(303,100,049)
Claims and other expenses paid	-	-	-	-	90,936,388
Insurance acquisition cash flows	8,965,512	-	19,367,925	-	28,333,437
Total cash flows	(51,056,082)	-	(223,710,530)	-	(183,830,224)
Insurance contract liabilities as at 31 December	(13,264,236)	-	(10,036,468)	(4,219,989)	(302,559,188)

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**Alliance Insurance P.S.C.**

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

**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		Total AED
	Liabilities for remaining coverage		Liabilities for incurred claims		
	Excluding loss component AED	Loss component AED	Excluding loss component AED	Loss component AED	
Insurance contract assets as at 1 January	823,052	-	-	-	346,726
Insurance contract liabilities as at 1 January	(6,186,948)	-	(7,376,721)	(5,778,032)	(298,807,974)
Net insurance contract liabilities as at 1 January	(5,363,896)	-	(7,376,721)	(5,778,032)	(298,461,248)
Insurance revenue	53,622,579	-	215,034,119	-	268,656,698
Insurance service expenses	(9,825,734)	-	(19,348,785)	1,274,278	(140,059,382)
Incurred claims and other expenses	-	-	-	-	(210,094,550)
Amortisation of insurance acquisition cash flows	(9,825,734)	-	(19,348,785)	-	(29,174,519)
Changes to liabilities for incurred claims	-	-	-	-	97,935,409
Reversals of losses on onerous contracts	-	-	-	1,274,278	1,274,278
Insurance service result	43,796,845	-	195,685,334	1,274,278	128,597,316
Insurance finance expenses	-	-	-	-	(1,689,708)
Total changes in the statement of comprehensive income	43,796,845	-	195,685,334	1,274,278	126,907,608
<b>Cash flows</b>					
Premiums received	(55,653,387)	-	(195,396,736)	-	(251,050,123)
Claims and other expenses paid	-	-	-	-	114,787,956
Insurance acquisition cash flows	9,445,090	-	18,648,847	-	28,093,937
Total cash flows	(46,208,297)	-	(176,747,889)	-	(108,168,230)
Net insurance contract liabilities as at 31 December	431,693	-	-	-	315,463
Insurance contract assets as at 31 December	(8,207,041)	-	11,560,724	(4,503,754)	(280,037,333)
Net insurance contract liabilities as at 31 December	(7,775,348)	-	11,560,724	(4,503,754)	(279,721,870)

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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 AED	Loss component 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)
<b>Insurance service result</b>	<b>45,883,842</b>	<b>(338,795)</b>	<b>(51,399,672)</b>	<b>(5,854,625)</b>
Insurance finance expenses	(10,119,570)	(2,361,606)	(113,238)	(12,594,414)
Investment components	47,715,922	-	(47,715,922)	-
<b>Total changes in the statement of profit or loss</b>	<b>83,480,194</b>	<b>(2,700,401)</b>	<b>(99,228,832)</b>	<b>(18,449,039)</b>
<b>Cash flows</b>				
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
<b>Total cash flows</b>	<b>(67,126,798)</b>	<b>-</b>	<b>98,374,200</b>	<b>31,247,402</b>
<b>Net insurance contract liabilities as at 31 December</b>	<b>(332,515,814)</b>	<b>(42,547,278)</b>	<b>(28,409,685)</b>	<b>(403,472,777)</b>
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)
<b>Insurance service result</b>	<b>55,686,448</b>	<b>(13,179,732)</b>	<b>(53,956,374)</b>	<b>(11,449,658)</b>
Insurance finance (expenses)/income	(4,536,146)	303,011	(126,162)	(4,359,297)
Investment components	53,072,463	-	(53,072,463)	-
<b>Total changes in the statement of profit or loss</b>	<b>104,222,765</b>	<b>(12,876,721)</b>	<b>(107,154,999)</b>	<b>(15,808,955)</b>
<b>Cash flows</b>				
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
<b>Total cash flows</b>	<b>(76,123,860)</b>	<b>-</b>	<b>112,064,498</b>	<b>35,940,638</b>
<b>Net insurance contract liabilities as at 31 December</b>	<b>(348,869,210)</b>	<b>(39,846,877)</b>	<b>(27,555,053)</b>	<b>(416,271,140)</b>

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 AED	Risk adjustment for non-financial risk AED	CSM AED	Total AED
	Insurance contract liabilities as at 1 January	(400,758,596)	(11,325,984)	(4,186,560)
<b>Changes that relate to current services</b>				
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)
<b>Changes that relate to future services</b>				
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)
<b>Changes that relate to past services</b>				
Adjustments to liabilities for incurred claims	(749,536)	21,086	-	(728,450)
<b>Insurance service result</b>	<b>(4,379,771)</b>	<b>714,533</b>	<b>(2,189,387)</b>	<b>(5,854,625)</b>
Net finance expenses from insurance contracts	(12,539,334)	-	(55,080)	(12,594,414)
<b>Total changes in the statement of profit or loss</b>	<b>(16,919,105)</b>	<b>714,533</b>	<b>(2,244,467)</b>	<b>(18,449,039)</b>
<b>Cash flows</b>				
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
<b>Total cash flows</b>	<b>31,247,402</b>	<b>-</b>	<b>-</b>	<b>31,247,402</b>
<b>Insurance contract liabilities as at 31 December</b>	<b>(386,430,299)</b>	<b>(10,611,451)</b>	<b>(6,431,027)</b>	<b>(403,472,777)</b>

**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 AED	Risk adjustment for non-financial risk AED	CSM AED	Total 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)

## Alliance Insurance P.S.C.

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

2025	Life and Medical		General		Total AED
	Assets for remaining coverage		Assets for remaining coverage		
	Excluding loss recovery component AED	Estimates of the present value of future cash flows AED	Excluding loss recovery component AED	Estimates of the present value of future cash flows AED	
Reinsurance contract assets as at 1 January	5,298,504	6,124,114	193,114	177,925,709	14,163,231
Reinsurance contract liabilities as at 1 January	-	-	(105,784)	(52,126)	(22,593)
Net reinsurance contract assets as at 1 January	5,298,504	6,124,114	193,114	177,873,583	14,140,638
Allocation of reinsurance premiums	(32,352,071)	-	(191,928,583)	-	-
Amounts recoverable from reinsurers for incurred claims	-	28,702,198	-	22,915,757	(698,032)
Amounts recoverable for incurred claims and other expenses	-	32,017,602	1,353,801	59,052,538	3,948,236
Changes to amounts recoverable for incurred claims	-	(3,315,404)	(1,322,060)	(36,136,781)	(4,646,268)
Net expense or income from reinsurance contracts held	(32,352,071)	28,702,198	31,741	22,915,757	(698,032)
Reinsurance finance income	-	69,421	-	2,347,424	-
Total changes in the statement of comprehensive income	(32,352,071)	28,771,619	31,741	25,263,181	(698,032)
Cash flows					
Premiums paid	30,729,820	-	199,460,522	-	-
Amounts received	-	(28,069,197)	-	(36,094,019)	-
Total cash flows	30,729,820	(28,069,197)	199,460,522	(36,094,019)	-
Net reinsurance contract assets/(liabilities) as at 31 December	3,676,253	6,826,536	13,348,001	167,195,745	13,468,219
Reinsurance contract assets as at 31 December	-	-	17,486	(153,000)	(25,613)
Reinsurance contract liabilities as at 31 December	3,676,253	6,826,536	13,365,487	167,042,745	13,442,606
Net reinsurance contract assets as at 31 December	-	-	-	-	204,578,482

Alliance Insurance P.S.C.

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

**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	
	Assets for remaining coverage		Assets for remaining coverage	
	Excluding loss component AED	Loss component AED	Excluding loss component AED	Loss component AED
Reinsurance contract assets as at 1 January	7,417,564	7,005,275	31,196,626	2,946,796
Reinsurance contract liabilities as at 1 January	-	-	(25,427)	-
Net reinsurance contract assets as at 1 January	7,417,564	7,005,275	31,171,199	2,946,796
Allocation of reinsurance premiums	(31,319,565)	-	(178,452,083)	-
Amounts recoverable from reinsurers for incurred claims	-	24,669,894	(64,086)	(2,946,796)
Amounts recoverable for incurred claims and other expenses	-	30,082,345	1,334,236	-
Changes to amounts recoverable for incurred claims	-	(5,412,451)	(1,398,322)	-
Changes in fulfilment cash flows that do not adjust CSM	-	-	-	(2,946,796)
Net expense or income from reinsurance contracts held	(31,319,565)	24,669,894	(64,086)	(2,946,796)
Reinsurance finance income	-	126,923	-	1,059,749
Total changes in the statement of comprehensive income	(31,319,565)	24,796,817	(64,086)	(2,946,796)
<i>Cash flows</i>				
Premiums paid	29,200,505	-	153,114,432	-
Amounts received	-	(25,677,978)	-	(27,724,752)
Total cash flows	29,200,505	(25,677,978)	153,114,432	(27,724,752)
Net reinsurance contract assets/(liabilities) as at 31 December	5,298,504	6,124,114	5,939,332	-
Reinsurance contract assets as at 31 December	-	-	(105,784)	-
Reinsurance contract liabilities as at 31 December	5,298,504	6,124,114	5,833,548	-
Net reinsurance contract assets as at 31 December	-	-	177,873,583	14,140,638
			14,163,231	209,644,004
			(22,593)	(180,503)
			14,140,638	209,463,501

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

**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

2025

	Life and Medical		General		Total AED
	Assets for remaining coverage		Assets for remaining coverage		
	Excluding loss component AED	Loss component AED	Excluding loss component AED	Loss component AED	
Reinsurance contract assets as at 1 January	3,057,713	-	263,418	(4,130)	958,689
An allocation of reinsurance premiums	(1,801,062)	-	-	4,077	(1,796,985)
Amounts recoverable from reinsurers for incurred claims	-	268,413	-	-	(938,846)
Amounts recoverable for incurred claims and other expenses	-	515,874	-	-	515,874
Changes to amounts recoverable for incurred claims	-	(247,461)	-	-	(938,846)
Net expense or income from reinsurance contracts held	(1,801,062)	268,413	4,077	-	(938,846)
Reinsurance finance income	(71,682)	999	53	-	6,215
Total changes in the statement of comprehensive income	(1,872,744)	269,412	4,130	-	(932,631)
<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

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**Alliance Insurance P.S.C.**

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

**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		Total 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	Amounts recoverable on incurred claims AED
Reinsurance contract assets as at 1 January	3,357,641	-	395,627	(129,984)	-	1,701,970	5,325,254
An allocation of reinsurance premiums	(1,811,490)	-	-	(239,742)	-	-	(2,051,232)
Amounts recoverable from reinsurers for incurred claims	-	-	(420,725)	-	-	(555,316)	(976,041)
Amounts recoverable for incurred claims and other expenses	-	-	(295,304)	-	-	521,875	226,571
Changes to amounts recoverable for incurred claims	-	-	(125,421)	-	-	(1,077,191)	(1,202,612)
Net income from reinsurance contracts held	(1,811,490)	-	(420,725)	(239,742)	-	(555,316)	(3,027,273)
Reinsurance finance income	29,850	-	1,624	1,826	-	12,198	45,498
Total changes in the statement of comprehensive income	(1,781,640)	-	(419,101)	(237,916)	-	(543,118)	(2,981,775)
<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

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**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 reinsurance contract balances - applicable to contracts not measured under PAA

2025	Life and Medical		General		Total AED		
	Estimates of present value of future cash flows AED		Estimates of present value of future cash flows AED				
	Estimates of present value of future cash flows AED	Risk adjustment for non-financial risk AED	Estimates of present value of future cash flows AED	Risk adjustment for non-financial risk AED		CSM AED	CSM AED
Reinsurance contract assets as at 1 January	(2,159,375)	76,888	5,403,617	825,790	128,770	-	4,275,690
Changes that relate to current services	-	-	(840,952)	-	-	11,029	(829,923)
CSM recognised for services provided	-	(6,664)	-	-	(948)	-	(7,612)
Change in risk adjustment for non-financial risk for risk expired	(452,268)	14,696	-	(6,004)	-	-	(443,576)
Experience adjustments	39,756	6,385	(46,141)	-	-	-	-
Changes that relate to future services	(276,403)	(1,917)	278,320	11,029	-	(11,029)	-
Contracts initially recognised in the year	(226,163)	(21,298)	-	(811,024)	(127,822)	-	(1,186,307)
Changes in estimates that adjust the CSM	(915,078)	(8,798)	(608,773)	(805,999)	(128,770)	-	(2,467,418)
Changes that relate to past services	(159,339)	-	88,656	6,268	-	-	(64,415)
Adjustments to Liabilities for incurred claims	(1,074,417)	(8,798)	(520,117)	(799,731)	(128,770)	-	(2,531,833)
Net expenses or income from reinsurance contracts	1,349,424	-	-	-	-	-	1,349,424
Net finance (income)/expense from reinsurance contracts	(501,178)	-	-	-	-	-	(501,178)
Total changes in the statement of profit or loss	848,246	-	-	-	-	-	848,246
Cash flows							
Premiums paid	-	-	-	-	-	-	-
Amounts received	-	-	-	-	-	-	-
Total cash flows	(2,385,546)	68,090	4,883,500	26,059	-	-	2,592,103
Reinsurance contract assets as at 31 December							

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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 reinsurance contract balances - applicable to contracts not measured under PAA (continued)

2024	Life and Medical		General		Total AED
	Estimates of present value of future cash flows AED	Risk adjustment for non-financial risk AED	Estimates of present value of future cash flows AED	Risk adjustment for non- financial risk AED	
Reinsurance contract assets as at 1 January	(1,987,599)	81,860	5,659,006	255,492	5,325,253
Changes that relate to current services	-	-	(902,151)	-	(926,545)
CSM recognised for services provided	-	(7,770)	-	(28,278)	(36,048)
Change in risk adjustment for non-financial risk for risk expired	(1,188,461)	(8,412)	-	71,938	(862,068)
Experience adjustments	(974,996)	8,189	966,807	-	-
Changes that relate to future services	432,315	(1,624)	(430,691)	950	24,394
Contracts initially recognised in the year	(130,067)	4,645	(905,858)	(171,332)	(1,202,612)
Changes in estimates that adjust the CSM	(1,861,209)	(4,972)	(366,035)	(126,722)	(3,027,273)
Adjustments to assets for incurred claims	(79,171)	-	110,646	-	45,499
Net income from reinsurance contracts	(1,940,380)	(4,972)	(255,389)	(126,722)	(2,981,774)
Net finance income from reinsurance contracts	1,481,712	-	363,770	-	1,845,482
Total changes in the statement of profit or loss	286,892	-	(200,163)	-	86,729
Cash flows	1,768,604	-	163,607	-	1,932,211
Premiums paid	(2,159,375)	76,888	5,403,617	128,770	4,275,690
Amounts received	-	-	-	-	-
Total cash flows	(2,159,375)	76,888	5,403,617	128,770	4,275,690

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Alliance Insurance P.S.C.

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

**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)

31 December 2025	1 year	2 year	3 year	4 year	5 year	>5 year	Total
	AED	AED	AED	AED	AED	AED	AED
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	408,543	355,421	311,435	272,439	236,243	2,602,479	4,186,560
CSM for insurance contracts issued	(515,695)	(452,218)	(400,400)	(353,284)	(310,614)	(3,371,406)	(5,403,617)
CSM for reinsurance contracts held	-	-	-	-	-	-	-

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

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

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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	(4,998,914)	(4,894,414)
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	1,137,963	-
	<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	5,806,369	7,819,289
	<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	118,667	171,475
	<u>3,118,667</u>	<u>3,171,475</u>
Less: Provision for expected credit losses	(320,238)	(320,238)
	<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	(73,827)	(73,827)
	<u>37,814,275</u>	<u>10,739,777</u>

Alliance Insurance P.S.C.

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

**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	(962,803)	(1,109,656)
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	1,067,942	2,035,207
	<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	1,000,000	1,000,000
Basic and diluted earnings per share after tax (in AED)	36.96	27.18

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**

31 December 2025	Life and Medical AED	General AED	Total AED
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	1,137,521	-	1,137,521
	50,007,129	-	50,007,129
Contracts measured under the PAA	56,095,122	224,739,075	280,834,197
<b>Total insurance revenue</b>	<b>106,102,251</b>	<b>224,739,075</b>	<b>330,841,326</b>

31 December 2024	Life and Medical AED	General AED	Total AED
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	1,511,738	-	1,511,738
	58,866,571	-	58,866,571
Contracts measured under the PAA	53,622,579	215,034,119	268,656,698
<b>Total insurance revenue</b>	<b>112,489,150</b>	<b>215,034,119</b>	<b>327,523,269</b>

**19 Insurance service expense**

31 December 2025	Life and Medical AED	General AED	Total AED
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	(4,892,939)	(49,415,980)	(54,308,919)
	110,251,869	62,248,402	172,500,271

Alliance Insurance P.S.C.

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

**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)
	118,771,183	91,604,428	210,375,611

**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 accreted 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
<b>Total insurance finance expenses from insurance contracts issued</b>	<b>(12,699,823)</b>	<b>(3,097,365)</b>	<b>(15,797,188)</b>

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 accreted 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
<b>Total reinsurance finance income/(expenses) from reinsurance contracts held</b>	<b>(1,261)</b>	<b>2,353,691</b>	<b>2,352,430</b>

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

	(12,701,084)	(743,674)	(13,444,758)
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 accreted 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 accreted 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
	<u>40,924,265</u>	<u>47,818,966</u>

**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)
	<u>28,836,524</u>	<u>27,121,261</u>

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)	<u>432,109</u>	<u>3,448,439</u>

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*	<u>2,882,969</u>	<u>1,062,555</u>

\*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	<u>10,768,399</u>	<u>10,734,447</u>

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.

**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.

**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.

**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.

**Alliance Insurance P.S.C.****Notes to the financial statements  
For the year ended 31 December 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	-	110,337,407	131,103,386	154,828,862	182,206,746	119,976,150	119,976,150
One year later	-	110,202,563	104,412,852	123,834,671	153,093,122	-	153,093,122
Two years later	-	119,745,695	108,289,991	132,385,861	-	-	132,385,861
Three years later	-	119,576,060	100,713,899	-	-	-	100,713,899
Four years later	-	119,541,488	-	-	-	-	119,541,488
Reserve in respect to prior years	174,222,371	-	-	-	-	-	174,222,371
Estimate of cumulative claims	174,222,371	119,541,488	100,713,899	132,385,861	153,093,122	119,976,150	799,932,891
Less: cumulative payments to date	(174,222,371)	(119,541,017)	(100,680,997)	(92,671,049)	(99,587,061)	(51,092,334)	(637,794,829)
Total reserves included in the statement of financial position	-	471	32,902	39,714,812	53,506,061	68,883,816	162,138,062
Unallocated loss adjustment expenses	-	-	-	-	-	-	1,597,412
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	-	-	-	-	-	-	303,448,180

Alliance Insurance P.S.C.  
Notes to the financial statements  
For the year ended 31 December 2025

**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	-	32,517,962	35,636,483	29,006,701	38,515,279	32,581,179	32,581,179
One year later	-	30,172,370	30,846,192	28,184,565	32,758,818	-	32,758,818
Two years later	-	30,399,633	35,820,245	29,367,412	-	-	29,367,412
Three years later	-	30,442,527	31,895,532	-	-	-	31,895,532
Four years later	-	30,435,664	-	-	-	-	30,435,664
Reserve in respect to prior years	28,084,231	-	-	-	-	-	28,084,231
Estimate of cumulative claims	28,084,231	30,435,664	31,895,532	29,367,412	32,758,818	32,581,179	185,122,836
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	-	-	-	-	-	-	1,597,412
Risk adjustment	-	-	-	-	-	-	1,547,974
Claims payable	-	-	-	-	-	-	98,314,566
Effect of discounting	-	-	-	-	-	-	(2,195,375)
Liability for incurred claims for all lines of business	-	-	-	-	-	-	115,853,728

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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	
	Liability / (Asset) AED	Impact on Comprehensive income AED	Liability / (Asset) AED	Impact on 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	-
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	97,875,401	105,303	70,176,775	81,595
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	98,086,973	(106,268)	70,340,752	(82,382)

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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	
	Liability / (Asset) AED	Impact on Comprehensive income AED	Liability / (Asset) AED	Impact on 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>-</u>	<u>70,258,369</u>	<u>-</u>
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	<u>98,549,030</u>	<u>(568,326)</u>	<u>70,707,994</u>	<u>(449,624)</u>
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	<u>97,412,378</u>	<u>568,326</u>	<u>69,808,746</u>	<u>449,624</u>

Contracts not under PAA

	31 December 2025		31 December 2024	
	Liability / (Asset) AED	Impact on Comprehensive income AED	Liability / (Asset) AED	Impact on Comprehensive income 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>
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	<u>388,856,294</u>	<u>12,034,835</u>	<u>399,575,632</u>	<u>12,419,816</u>
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	<u>413,580,913</u>	<u>(12,709,802)</u>	<u>425,111,365</u>	<u>(13,115,917)</u>
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	<u>404,340,373</u>	<u>(3,459,700)</u>	<u>415,548,574</u>	<u>(3,553,125)</u>
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	<u>397,531,558</u>	<u>3,349,115</u>	<u>408,556,417</u>	<u>3,439,032</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 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 2025 AED	31 December 2024 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 and key inputs	Significant unobservable input	Relationship of unobservable inputs to fair value
	31 December 2025 AED	31 December 2024 AED				
<b>FVOCI:</b>						
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.

**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.

**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.

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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
<b>31 December 2025</b>					
<b>Financial assets</b>					
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
	<u>577,482,769</u>	<u>227,152,632</u>	<u>-</u>	<u>22,777,340</u>	<u>827,412,741</u>
<b>Financial liabilities</b>					
Other payables (excluding unearned rental income)	6,585,499	-	-	-	6,585,499
	<u>6,585,499</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,585,499</u>

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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
<b>31 December 2024</b>					
<b>Financial assets</b>					
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
	<u>622,860,272</u>	<u>177,785,323</u>	<u>-</u>	<u>17,709,234</u>	<u>818,354,829</u>
<b>Financial liabilities</b>					
Other payables (excluding unearned rental income)	9,967,739	-	-	-	9,967,739
	<u>9,967,739</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,967,739</u>

	Less than 1 year AED	2-5 years AED	5+ years AED	Total AED
<b>31 December 2025</b>				
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
<b>31 December 2024</b>				
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.

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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)
<b>Insurance service result before reinsurance contracts held</b>	<b>(4,149,618)</b>	<b>162,490,673</b>	<b>158,341,055</b>
Net expense from reinsurance contracts held	(5,150,781)	(170,645,627)	(175,796,408)
<b>Insurance service result</b>	<b>(9,300,399)</b>	<b>(8,154,954)</b>	<b>(17,455,353)</b>
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
<b>Total investment income</b>	<b>38,552,501</b>	<b>31,208,288</b>	<b>69,760,789</b>
Insurance finance expense	(11,237,915)	(2,659,731)	(13,897,646)
Reinsurance finance income	71,829	2,675,759	2,747,588
<b>Financial insurance result</b>	<b>(11,166,086)</b>	<b>16,028</b>	<b>(11,150,058)</b>
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)
<b>Net profit for the year before tax</b>	<b>16,989,109</b>	<b>23,585,486</b>	<b>40,574,595</b>

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Notes to the financial statements  
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**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
<b>Total investment income</b>	<b>43,983,885</b>	<b>30,956,342</b>	<b>74,940,227</b>
Insurance finance expense	(11,325,644)	(1,311,472)	(12,637,116)
Reinsurance finance income	107,444	402,070	509,514
<b>Financial insurance result</b>	<b>(11,218,200)</b>	<b>(909,402)</b>	<b>(12,127,602)</b>
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)
<b>Net profit for the year</b>	<b>16,248,727</b>	<b>13,548,452</b>	<b>29,797,179</b>

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

	As at 31 December 2025		
	Life and Medical AED	General AED	Total AED
<b>Total assets</b>	<b>593,081,890</b>	<b>706,459,482</b>	<b>1,299,541,372</b>
<b>Total equity</b>	<b>151,205,445</b>	<b>422,455,972</b>	<b>573,661,417</b>
<b>Total liabilities</b>	<b>441,876,445</b>	<b>284,003,510</b>	<b>725,879,955</b>
	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

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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
	AED	AED	AED	AED	Combined
					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
<b>Gross Written Premiums</b>	<b>83,355,864</b>	<b>-</b>	<b>62,565,861</b>	<b>234,777,381</b>	<b>380,699,106</b>

31 December 2024	Life	Fund	Medical	Property &	All types of
	Insurance	Accumulation	Insurance	Liability	Business
	AED	AED	AED	AED	Combined
					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
<b>Gross Written Premiums</b>	<b>91,140,883</b>	<b>-</b>	<b>40,229,745</b>	<b>211,979,305</b>	<b>343,349,933</b>

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

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Notes to the financial statements  
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**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.



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