

ALLIANCE INSURANCE P.S.C.

Condensed interim financial information (Unaudited)
For the period ended 30 September 2023

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

Introduction

We have reviewed the accompanying condensed interim statement of financial position of Alliance Insurance P.S.C. (the "Company") as at 30 September 2023 and the related condensed interim income statement, condensed interim statement of comprehensive income, condensed interim statement of changes in equity, condensed interim statement of cash flows for the nine-month period then ended and other related explanatory notes. Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with International Accounting Standard 34 *"Interim Financial Reporting"*. Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

Scope of review

We conducted our review in accordance with the International Standard on Review Engagements 2410, *"Review of Interim Financial Information Performed by the Independent Auditor of the Entity"*. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Other matter

The financial statements for the year ended 31 December 2022 and the condensed interim financial information for the period ended 30 September 2022 were audited and reviewed respectively by another auditor who expressed an unmodified opinion and unmodified conclusion on those statements on 21 March 2023 and 08 November 2022 respectively.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34 *"Interim Financial Reporting"*.


GRANT THORNTON
Farouk Mohamed
Registration No: 86
Dubai, 13 November 2023

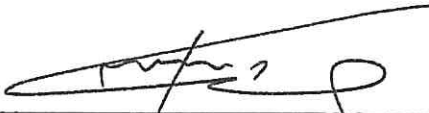



Alliance Insurance P.S.C.
Condensed interim financial information (Unaudited)

Condensed interim statement of financial position
As at 30 September 2023

		<i>Restated</i>	<i>Restated</i>
	(Unaudited)	(Unaudited)	(Unaudited)
	30 September	31 December	31 December
Notes	2023	2022	2021
	AED	AED	AED
Assets			
Property and equipment	4,396,178	3,975,194	3,804,097
Investment properties	213,850,000	213,850,000	207,538,000
Investments at amortised cost	5 329,351,285	331,995,223	333,077,974
Investments at fair value through other comprehensive income (FVTOCI)	5 8,815,651	7,744,925	6,888,342
Insurance contract assets	6 762,653	-	-
Reinsurance contract assets	6 228,525,753	222,106,899	119,525,752
Prepayments and other receivables	7 29,204,775	25,321,070	24,170,325
Statutory deposits	8 10,000,000	10,463,189	10,228,125
Deposits	9 456,709,560	474,919,390	416,653,053
Cash and cash equivalents	10 13,845,331	31,620,755	82,812,969
Total assets	1,295,461,186	1,321,996,645	1,204,698,637
Equity and liabilities			
Equity			
Share capital	11 100,000,000	100,000,000	100,000,000
Statutory reserve	12 97,503,270	97,503,270	93,661,305
Regular reserve	87,914,070	87,914,070	84,072,105
General reserve	222,000,000	222,000,000	222,000,000
Reinsurance reserve	2,888,910	2,888,910	1,770,456
Cumulative change in fair value of FVTOCI investments	(1,947,915)	(3,018,641)	(3,875,224)
Retained earnings	27,606,372	28,487,245	5,349,488
Total equity	535,964,707	535,774,854	502,978,130
Liabilities			
Employees' end of service benefits	5,835,465	4,729,762	4,713,384
Insurance contract liabilities	6 736,682,027	760,089,201	683,407,302
Reinsurance contract liabilities	6 16,957	-	-
Other payables	13 16,962,030	21,402,828	13,599,821
Total liabilities	759,496,479	786,221,791	701,720,507
Total equity and liabilities	1,295,461,186	1,321,996,645	1,204,698,637

This condensed interim financial information was authorised for issue on 13 November 2023 by the Board of Directors and signed on its behalf by:


H.H. Sheikh Ahmed Bin Saeed Al Maktoum
Chairman


Aimen Saba Azara
Executive Board Member and CEO

The notes from 1 to 24 form an integral part of this condensed interim financial information.

Alliance Insurance P.S.C.
Condensed interim financial information (Unaudited)

Condensed interim income statement
For the period ended 30 September 2023

	Notes	Three-month period ended 30 September (Unaudited)		Nine month period ended 30 September (Unaudited)	
		2023 AED	<i>Restated</i> 2022 AED	2023 AED	<i>Restated</i> 2022 AED
Insurance revenue	15	75,089,004	75,248,938	224,400,531	206,591,710
Insurance service expenses	16	(72,536,190)	(44,524,137)	(106,958,012)	(128,767,925)
Insurance service result before reinsurance contracts held		2,552,814	30,724,801	117,442,519	77,823,785
Allocation of reinsurance premiums		(50,778,566)	(45,356,641)	(143,779,098)	(123,256,904)
Amounts recoverable from reinsurance for incurred claims		42,726,441	12,781,855	31,892,148	30,939,720
Net expenses from reinsurance contracts held		(8,052,125)	(32,574,786)	(111,886,950)	(92,317,184)
Insurance service result		(5,499,311)	(1,849,985)	5,555,569	(14,493,399)
Income from financial investments		11,262,733	8,241,285	32,523,521	23,547,161
Income from investment properties - net		1,811,612	2,043,568	6,966,024	6,541,540
Total investment income		13,074,345	10,284,853	39,489,545	30,088,701
Insurance finance (expense)/income	17	(4,126,176)	15,140,161	(19,383,676)	38,553,631
Reinsurance finance income/(expense)	17	214,616	(330,303)	2,459,928	(839,703)
Net insurance financial result	17	(3,911,560)	14,809,858	(16,923,748)	37,713,928
Foreign currency exchange gain		66,459	76,641	237,037	233,311
Other income		595,261	413,295	1,834,377	1,546,519
Other operating income /(expenses)		257,012	(244,167)	(1,073,653)	(1,280,176)
Net profit for the period		4,582,206	23,490,495	29,119,127	53,808,884
Basic and diluted earnings per share	14	4.58	23.49	29.12	53.81

The notes from 1 to 24 form an integral part of this condensed interim financial information.

Alliance Insurance P.S.C.
Condensed interim financial information (Unaudited)

Condensed interim statement of comprehensive income
For the period ended 30 September 2023

	<i>Restated</i>		<i>Restated</i>	
	Three-month period ended		Nine month period ended	
	30 September (Unaudited)		30 September (Unaudited)	
	2023	2022	2023	2022
	AED	AED	AED	AED
Net profit for the period	4,582,206	23,490,495	29,119,127	53,808,884
Other comprehensive income:				
<i>Items that will not be reclassified</i>				
<i>subsequently to profit or loss:</i>				
Net change in fair value of equity investments designated at FVTOCI	499,672	(285,525)	1,070,726	1,427,637
Total other comprehensive income/(loss) for the period	499,672	(285,525)	1,070,726	1,427,637
Total comprehensive income for the period	5,081,878	23,204,970	30,189,853	55,236,521

The notes from 1 to 24 form an integral part of this condensed interim financial information.

**Alliance Insurance P.S.C.
Condensed interim financial information (Unaudited)**

**Condensed interim statement of changes in equity
For the period ended 30 September 2023**

	Share capital AED	Statutory reserve AED	Regular reserve AED	General reserve AED	Reinsurance reserve AED	FVTOCI investments AED	Retained earnings AED	Total equity AED
Balance at 1 January 2022, as previously reported	100,000,000	93,661,305	84,072,105	222,000,000	1,770,456	(3,875,224)	40,988,455	538,617,097
Impact of initial application of IFRS 17	-	-	-	-	-	-	(35,638,967)	(35,638,967)
Restated balance at 1 January 2022	100,000,000	93,661,305	84,072,105	222,000,000	1,770,456	(3,875,224)	5,349,488	502,978,130
Profit for the period (<i>restated</i>)	-	-	-	-	-	-	53,808,884	53,808,884
Other comprehensive income for the period	-	-	-	-	-	1,427,637	-	1,427,637
Total comprehensive income for the period	-	-	-	-	-	1,427,637	53,808,884	55,236,521
Dividends paid	-	-	-	-	-	-	(30,000,000)	(30,000,000)
Balance at 30 September 2022 (Unaudited)	100,000,000	93,661,305	84,072,105	222,000,000	1,770,456	(2,447,587)	29,158,372	528,214,651
Balance at 1 January 2023 (Audited)	100,000,000	97,503,270	87,914,070	222,000,000	2,888,910	(3,018,641)	39,576,289	546,863,898
Impact of initial application of IFRS 17	-	-	-	-	-	-	(11,089,044)	(11,089,044)
Restated balance as at 1 January 2023	100,000,000	97,503,270	87,914,070	222,000,000	2,888,910	(3,018,641)	28,487,245	535,774,854
Profit for the period	-	-	-	-	-	-	29,119,127	29,119,127
Other comprehensive income for the period	-	-	-	-	-	1,070,726	-	1,070,726
Total comprehensive income for the period	-	-	-	-	-	1,070,726	29,119,127	30,189,853
Dividends paid	-	-	-	-	-	-	(30,000,000)	(30,000,000)
Balance at 30 September 2023 (Unaudited)	100,000,000	97,503,270	87,914,070	222,000,000	2,888,910	(1,947,915)	27,606,372	535,964,707

The notes from 1 to 24 form an integral part of this condensed interim financial information.

Alliance Insurance P.S.C.
Condensed interim financial information (Unaudited)

Condensed interim statement of cash flows
For the period ended 30 September 2023

	<i>Restated</i>	
	For the nine-month period ended 30 September (Unaudited)	
Note	2023 AED	2022 AED
Cash flows from operating activities		
Net profit for the period	29,119,127	53,808,884
Adjustments for:		
Depreciation of property and equipment	428,881	346,436
Property and equipment written off during the period	516,426	250,000
Interest income from investments at amortised cost	(14,456,424)	(14,217,627)
Amortisation of fees, premiums, and discounts on investments	2,643,938	1,272,401
Interest income from deposits	(15,810,915)	(6,978,699)
Bad debts written off	912,640	(40,271)
Interest income from loans guaranteed by life insurance policies	(1,810,048)	(1,922,546)
Income from investment properties	(6,966,024)	(6,541,540)
Dividend income	1,240,852	440,930
Provision for employees' end of service indemnity	(446,134)	(428,289)
Operating cash flows before changes in working capital	<u>(4,627,681)</u>	<u>25,989,679</u>
Changes in working capital:		
Prepayments and other receivables	(3,050,504)	(7,837,199)
Reinsurance contract assets	(6,418,854)	(26,444,559)
Insurance contract assets	(762,653)	-
Insurance contract liabilities	(23,407,174)	1,839,956
Reinsurance contract liabilities	16,957	116,089
Accounts payables	<u>(2,630,750)</u>	<u>812,824</u>
Cash used in operations	<u>(40,880,659)</u>	<u>(5,523,210)</u>
Employees' end of service indemnity paid	(135,149)	(531,680)
Net cash used in operating activities	<u>(41,015,808)</u>	<u>(6,054,890)</u>
Cash flows from investing activities		
Purchase of property and equipment	(1,366,291)	(560,729)
Income received on deposits	11,721,717	6,440,057
Purchase of investments at amortised cost	-	(1,104,000)
Income received from investments at amortised cost	15,577,867	16,753,443
Deposits encashed/(placed) during the period	22,299,028	(48,619,653)
Movement in statutory deposit	463,189	-
Income received from investment properties	4,098,740	8,947,053
Dividend income	446,134	428,289
Net cash generated from/(used in) investing activities	<u>53,240,384</u>	<u>(17,715,540)</u>
Cash flows from financing activity		
Dividends paid to Company's shareholders	(30,000,000)	(30,000,000)
Net cash used in financing activity	<u>(30,000,000)</u>	<u>(30,000,000)</u>
Net change in cash and cash equivalents	<u>(17,775,424)</u>	<u>(53,770,430)</u>
Cash and cash equivalents at beginning of the period	31,620,755	82,812,969
Cash and cash equivalents at end of the period	<u>13,845,331</u>	<u>29,042,539</u>

The notes from 1 to 24 form an integral part of this condensed interim financial information.

Alliance Insurance P.S.C.
Condensed interim financial information (Unaudited)

Notes to the condensed interim financial information
For the period ended 30 September 2023

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 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, medical and investment linked products.

The registered address of the Company is Warba Centre, P.O. Box 5501, Dubai, United Arab Emirates.

This condensed interim financial information has been prepared in accordance with the requirements of the applicable laws and regulations, including UAE Federal Law No. (32) of 2021.

On 9 December 2022, the UAE Ministry of Finance released Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses (Corporate Tax Law or the Law) to enact a Federal corporate tax regime in the UAE. The Law was published in the official gazette on 10 October 2022 and became effective on 25 October 2022. The Corporate Tax law will apply to taxable persons for financial years beginning on or after 1 June 2023. The corporate income tax will apply on the adjusted accounting net profits of a business. The Company is currently in the process of assessing the possible impact on its financial statements, both from current and deferred tax perspective, in preparation for full compliance with the new corporate tax law noting that the first tax period for the Company is starting on 1 January 2024.

2 Basis of preparation

This condensed interim financial information is for the nine-month period ended 30 September 2023 and is presented in United Arab Emirate Dirham (AED), which is also the functional currency of the Company. This condensed interim financial information has been prepared in accordance with IAS 34 'Interim Financial Reporting' and complies with the applicable requirements of the laws in the U.A.E.

This condensed interim financial information has 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 labour laws.

The Company's condensed interim 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 and other payables. The following balances would generally be classified as non-current: property and equipment, investment properties, statutory deposit and provision for employees' end of service indemnity. The following balances are of mixed nature (including both current and non-current portions): investments at fair value through other comprehensive income, investments at amortised cost, reinsurance contract assets and liabilities, insurance contract assets and liabilities, bank balances and fixed deposits.

The condensed interim financial information does not include all of the information required in annual financial statements in accordance with IFRSs and should be read in conjunction with the financial statements of the Company for the year ended 31 December 2022. Further, results for interim periods are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2023.

3 Significant accounting policies

The accounting policies, critical accounting judgments and key source of estimation used in the preparation of this condensed interim financial information are consistent with those used in the audited financial statements for the year ended 31 December 2022, except for application of new standards effective as of 1 January 2023 and several amendments and interpretations apply for the first time in 2023.

Alliance Insurance P.S.C.
Condensed interim financial information (Unaudited)

Notes to the condensed interim financial information
For the period ended 30 September 2023

3 Significant accounting policies (continued)

The Company has not early adopted any standard, interpretation or amendment that has been issued but not yet effective.

Standards, interpretations, and amendments to existing standards – Impact of new IFRS

IFRS 17 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 introduces 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.

Under IFRS 17, insurance revenue in each reporting period represents the changes in the liabilities for remaining coverage that relate to services for which the Company expects to receive consideration and an allocation of premiums that relate to recovering insurance acquisition cash flows. In addition, investment components are no longer included in insurance revenue and insurance service expenses.

The Company applies the premium allocation approach (PAA) to simplify the measurement of contracts in the non-life segment. When measuring liabilities for remaining coverage, the PAA is similar to the Company's previous accounting treatment. However, when measuring liabilities for incurred claims, the Company now discounts the future cash flows (unless they are expected to occur in one year or less from the date on which the claims are incurred) and includes an explicit risk adjustment for non-financial risk.

IFRS 17 replaces IFRS 4 Insurance Contracts for annual periods on or after 1 January 2023. The Company has restated comparative information applying the transitional provisions to IFRS 17.

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.

Level of Aggregation

Level of aggregation relates to the unit of account under IFRS 17. The unit of account under IFRS 17 is referred to as a 'Group of Contracts' 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.

Alliance Insurance P.S.C.
Condensed interim financial information (Unaudited)
Notes to the condensed interim financial information
For the period ended 30 September 2023

3 Significant accounting policies (continued)

Standards, interpretations, and amendments to existing standards – Impact of new IFRS (continued)

IFRS 17 Insurance Contracts (continued)

Level of Aggregation (continued)

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. However, in certain circumstances a one-time simplification upon transition for contracts as at the transition is allowed.

A unique combination of the above three requirements forms a group of contracts i.e., contracts with same portfolio, same expected profitability and issued in the same year can be grouped together. This grouping is permanent and cannot be changed once assigned, regardless of how the actual experience emerges after initial recognition. For instance, as experience emerges an entity may realise that a contract which was thought to be onerous at initial recognition is not onerous, but the grouping will not be changed.

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 LRC.

Under PAA, it is not required to consider each component of the premium separately instead a single liability can be set up. 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 requires 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 or the impact deferring additional expenses that are currently not deferred.

Alliance Insurance P.S.C.
Condensed interim financial information (Unaudited)

Notes to the condensed interim financial information
For the period ended 30 September 2023

3 Significant accounting policies (continued)

Standards, interpretations, and amendments to existing standards – Impact of new IFRS (continued)

IFRS 17 Insurance Contracts (continued)

Measurement Models (continued)

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 claims, expenses and profits) and that each component needs to be considered according to its nature. 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.

Alliance Insurance P.S.C.
Condensed interim financial information (Unaudited)

Notes to the condensed interim financial information
For the period ended 30 September 2023

3 Significant accounting policies (continued)

Standards, interpretations, and amendments to existing standards – Impact of new IFRS (continued)

IFRS 17 Insurance Contracts (continued)

Measurement Models (continued)

Variable Fees Approach (“VFA”) (continued)

Company’s unit-linked business is measured using VFA, all other long-term business is measured using GMM. There are fundamental differences between GMM / VFA and the previous methodologies (IFRS 4) 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.
- Similar to PAA, GMM and VFA also require an explicit risk adjustment. Risk adjustment is a new requirement, and it did not exist under the previous standard. Risk adjustment will increase the liabilities for insurance contracts issued and increases the asset for the reinsurance contracts held.
- IFRS 17 also introduces substantial changes 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. The new standard introduces a new measure, ‘coverage units’, 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) is more direct and separately includes each component of the premium (i.e., expected claims and expenses and the portion of the profits relating to the period).

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.

Alliance Insurance P.S.C.
Condensed interim financial information (Unaudited)
Notes to the condensed interim financial information
For the period ended 30 September 2023

3 Significant accounting policies (continued)

Standards, interpretations, and amendments to existing standards – Impact of new IFRS (continued)

IFRS 17 Insurance Contracts (continued)

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.

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.

Transition

The default transition approach under IFRS 17 is the Full Retrospective Approach (“FRA”) which requires that upon transition IFRS 17 should be applied from inception of the groups of contracts as if IFRS 17 has always been applicable. However, if FRA is impracticable the following methods may be adopted:

- Modified Retrospective Approach (“MRA”): Under this approach the objective is to achieve the closest possible approximation to the FRA using the modifications allowed within the standard and without undue cost and effort.
- Fair Value Approach (“FVA”): Under this approach the fair value of the groups of contracts is computed and compared with the FCF. The CSM or loss component is the difference between the fair value and the FCF. Fair values for this purpose must be computed applying IFRS 13.

Alliance Insurance P.S.C.
Condensed interim financial information (Unaudited)

Notes to the condensed interim financial information
For the period ended 30 September 2023

3 Significant accounting policies (continued)

Standards, interpretations, and amendments to existing standards – Impact of new IFRS (continued)

IFRS 17 Insurance Contracts (continued)

Transition (continued)

Key Accounting Policy Choices

IFRS 17 requires Company to make various accounting policy choices. The key accounting policy choices made by the Company are described below.

Accounting Policy	Adopted by the Company
Level of Aggregation – Adopting more granular profitability	Company has adopted the minimum three classifications provided in the standard and not use more granular classifications.
Level of Aggregation – Adopting more granular cohort	Company is using annual cohorts and not using shorter cohorts.
PAA – Deferring insurance acquisition cashflows	Under PAA, in some circumstances, it is allowed to recognise insurance acquisition cashflows as expense when incurred however, the Company does not utilise this choice instead it defers all insurance acquisition cashflows.
PAA – Discounting LIC	Under PAA, in some circumstances, it is allowed not to discount the LIC, but Company is not using this option and discounts all LIC.
Interest Accretion – OCI Option	The standard allows that finance expense can be split between OCI, and P&L. Company aims to reflect entire finance expense in the P&L and plans not to split between OCI and P&L.
Transition Approach	The Company has considered a Full Retrospective Approach where it has applied PAA and a Fair Value Approach where it has applied GMM and VFA.

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, unlike IFRS 4, 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.

Presentation and Disclosures

IFRS 17 also 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 will not be presented as revenues instead each component of the premium (such as expected claims and expenses) will be shown separately. Another key requirement relates to the presentation of reinsurance contracts held. Under IFRS 17 amounts related to insurance contract issued will be reported and net effect of reinsurance contracts held will be reported separately.

In addition to the above requirements, the new standard also introduces various new disclosures related to the insurance and reinsurance contract assets and liabilities and associated revenues and expenses.

Alliance Insurance P.S.C.
Condensed interim financial information (Unaudited)
Notes to the condensed interim financial information
For the period ended 30 September 2023

3 Significant accounting policies (continued)

Judgements and estimates

The preparation of this condensed interim financial information requires management to make judgements, estimates and assumptions that effect the application of accounting policies and the reported amounts of assets and liabilities, income, and expense. Actual results may differ from these estimates.

In preparing this condensed interim financial information, the significant judgements made by management in applying the accounting policies and the key sources of estimation uncertainty were the same as those that were applied in the audited financial statements as at and for the year ended 31 December 2022, except for the below judgements.

Insurance and reinsurance contracts

The Company applies the PAA to simplify the measurement of short-term insurance contracts. When measuring liabilities for remaining coverage, the PAA is broadly similar to the Company's previous accounting treatment under IFRS 4. However, when measuring liabilities for incurred claims, the Company now 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. Long-term contracts are measured under GMM or VFA. GMM and VFA are fundamentally different from the previous standard and have introduced various changes.

Liability for remaining coverage

For insurance acquisition cash flows for short-term business, the Company is eligible and but chooses not to recognise the payments as an expense immediately (coverage period of a year or less) for its property insurance product line entire business.

For groups of contracts that are measured under PAA and that are onerous, the liability for remaining coverage is determined by the fulfilment cash flows.

For business under GMM and VFA, the Company adjusts the carrying amount of the liability for remaining coverage to reflect the time value of money and the effect of financial risk using discount rates that reflect the characteristics of the cash flows of the group of insurance contracts at initial recognition. An explicit Risk Adjustment and, wherever applicable, Contractual Service Margin is also set aside.

Liability for incurred claims

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

Alliance Insurance P.S.C.
Condensed interim financial information (Unaudited)
Notes to the condensed interim financial information
For the period ended 30 September 2023

3 Significant accounting policies (continued)

Judgements and estimates (continued)

Liability for incurred claims (continued)

Estimates of salvage recoveries and subrogation reimbursements are considered as an allowance in the measurement of ultimate claims costs, wherever applicable.

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 are calculated by discounting expected future cash flows at a risk-free rate, plus an illiquidity premium where applicable. Risk free rates are determined by reference to the yields of highly liquid government securities in the currency of the insurance contract liabilities. The illiquidity premium is determined by reference to observable volatility.

Risk adjustment for non-financial risk

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 99.5th percentile.

Insurance and financial risk management

The Company's insurance and financial risk management objectives and policies are consistent with those disclosed in the audited financial statements as at and for the year ended 31 December 2022. There have been no changes in any risk management policies since the year end.

The accounting policies in respect of property and equipment and financial assets have been disclosed in this condensed interim financial information as required by Securities and Commodities Authority ("SCA") notification dated 12 October 2008.

Classification of investment properties

The Company makes judgement to determine whether certain properties qualify as investment properties and follows the guidance of IAS 40 'Investment Property' to consider whether any owner-occupied properties are not significant and are classified accordingly as investment properties.

4 Investment Properties

Investment properties comprises two commercial buildings in Dubai, UAE.

Management estimates that there has been no change in the fair value of investment properties. Investment properties are classified as level 3 in the fair value hierarchy as at 30 September 2023 (31 December 2022: level 3).

Alliance Insurance P.S.C.
Condensed interim financial information (Unaudited)

Notes to the condensed interim financial information
For the period ended 30 September 2023

5 Financial investments

The Company's financial investments at the end of reporting period are detailed below:

	Carrying value		Fair value	
	(Unaudited) 30 September 2023 AED	(Unaudited) 31 December 2022 AED	(Unaudited) 30 September 2023 AED	(Unaudited) 31 December 2022 AED
<i>Financial instruments</i>				
Investments held at amortised cost	329,351,285	331,995,223	320,316,630	321,725,780
At fair value through other comprehensive income	8,815,651	7,744,925	8,815,651	7,744,925
	<u>338,166,936</u>	<u>339,740,148</u>	<u>329,132,281</u>	<u>329,470,705</u>

Investments at amortised cost

Investment in securities comprises of the following:

	(Unaudited) 30 September 2023 AED	(Unaudited) 31 December 2022 AED
Quoted bonds	330,983,117	333,627,055
Expected credit losses	(1,631,832)	(1,631,832)
	<u>329,351,285</u>	<u>331,995,223</u>

The bonds carry interest at the rates ranging from 4.75% to 9.50% (2022: 4.75% to 9.50%) per annum and interest is receivable semi-annually. The Company holds these investments with the objective of receiving the contractual cash flows over the instrument's life.

	(Unaudited) 30 September 2023 AED	(Unaudited) 31 December 2022 AED
Inside UAE	196,724,006	198,678,410
Outside UAE	132,627,279	133,316,813
	<u>329,351,285</u>	<u>331,995,223</u>

Investments at fair value through other comprehensive income (FVTOCI)

	(Unaudited) 30 September 2023 AED	(Unaudited) 31 December 2022 AED
Quoted equity securities in UAE	8,815,651	7,744,925

Alliance Insurance P.S.C.
Condensed interim financial information (Unaudited)

Notes to the condensed interim financial information
For the period ended 30 September 2023

5 Financial investments (continued)

Movements in financial investments

The gross movements in investments at FVTOCI and investments at amortised cost are as follows:

	FVTOCI AED	At amortised cost AED	Total AED
At 31 December 2021 (Unaudited)	6,888,342	333,077,974	339,966,316
Purchases	-	10,589,588	10,589,588
Matured	-	(10,004,085)	(10,004,085)
Amortised	-	(1,668,254)	(1,668,254)
Changes in fair value	856,583	-	856,583
At 31 December 2022 (Unaudited)	7,744,925	331,995,223	339,740,148
Amortised	-	(2,643,938)	(2,643,938)
Changes in fair value	1,070,726	-	1,070,726
At 30 September 2023 (Unaudited)	8,815,651	329,351,285	338,166,936

6 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:

	30 September 2023 (Unaudited)			31 December 2022 (Unaudited) <i>restated</i>		
	Assets	Liabilities	Net	Assets	Liabilities	Net
	AED	AED	AED	AED	AED	AED
Insurance contracts issued						
Life and Medical	762,653	465,896,049	465,133,396	-	(480,931,064)	(480,931,064)
General	-	270,785,978	270,785,978	-	(279,158,137)	(279,158,137)
	762,653	736,682,027	735,919,374	-	(760,089,201)	(760,089,201)
Reinsurance contracts held						
Life and Medical	20,912,631	-	20,912,631	19,225,949	-	19,225,949
General	207,613,122	16,957	207,596,165	202,880,950	-	202,880,950
	228,525,753	16,957	228,508,796	222,106,899	-	222,106,899

Insurance contract liabilities have been adjusted for loans guaranteed by life insurance policies amounting to AED 44,396,347 as at 30 September 2023 (2022: AED 43,959,658).

**Alliance Insurance P.S.C.
Condensed interim financial information (Unaudited)**

Notes to the condensed interim financial information
For the period ended 30 September 2023

6 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

	Life and Medical		General		Total (Unaudited) AED
	Liabilities for remaining coverage	Liabilities for incurred claims	Liabilities for remaining coverage	Liabilities for incurred claims	
	Excluding loss component (Unaudited) AED	Estimates of the present value of future cash flows (Unaudited) AED	Excluding loss component (Unaudited) AED	Estimates of the present value of future cash flows (Unaudited) AED	
Insurance contract assets as at 1 January	-	-	-	-	-
Insurance contract liabilities as at 1 January	(3,774,551)	(10,302,801)	(21,377,433)	(8,193,076)	(232,513,155)
Insurance revenue	32,553,487	-	150,820,392	-	183,373,879
Insurance service expenses	(4,400,469)	(29,010,992)	(12,479,443)	3,720,853	(79,420,405)
Incurred claims and other expenses	-	(35,996,371)	(12,479,443)	-	(5,938,495)
Amortisation of insurance acquisition cash flows	(4,400,469)	-	-	-	(4,400,469)
Changes to liabilities for incurred claims	-	6,985,379	-	-	64,901,705
Losses on onerous contracts and reversals of those losses	-	-	-	3,720,853	5,047,262
Insurance service result	28,153,018	(29,010,992)	138,340,949	3,720,853	103,953,474
Insurance finance expenses	-	(72,590)	-	-	(2,907,774)
Total changes in the statement of comprehensive income	28,153,018	(29,083,582)	138,340,949	3,720,853	101,045,700
Cash flows					
Premiums received	(35,793,047)	-	(138,735,999)	-	(174,529,046)
Claims and other expenses paid	-	24,030,626	-	-	49,616,607
Insurance acquisition cash flows	7,071,093	2,241,867	11,178,502	-	28,798,509
Total cash flows	(28,721,954)	26,272,493	(127,557,497)	-	(96,113,930)
Net insurance contract liabilities as at 30 September	(4,343,487)	(13,113,890)	(10,593,981)	(4,472,223)	(16,317,922)
Insurance contract assets as at 30 September	942,649	(179,996)	-	-	-
Insurance contract liabilities as at 30 September	(5,286,136)	(12,933,894)	(10,593,981)	(4,472,223)	(289,369,090)
Net insurance contract liabilities as at 30 September	(4,343,487)	(13,113,890)	(10,593,981)	(4,472,223)	(288,606,437)

**Alliance Insurance P.S.C.
Condensed interim financial information (Unaudited)**

Notes to the condensed interim financial information
For the period ended 30 September 2023

6 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)

2022 (restated)

	Life and Medical			General			Total (Unaudited) AED
	Liabilities for remaining coverage		Liabilities for incurred claims	Liabilities for remaining coverage		Liabilities for incurred claims	
	Excluding loss component (Unaudited) AED	Loss component (Unaudited) AED	Estimates of the present value of future cash flows (Unaudited) AED	Excluding loss component (Unaudited) AED	Loss component (Unaudited) AED	Estimates of the present value of future cash flows (Unaudited) AED	
Insurance contract liabilities as at 1 January	(6,195,511)	-	(19,477,007)	18,902,888	(1,024,561)	(144,836,045)	(163,138,330)
Insurance revenue	35,764,309	-	-	191,174,171	-	-	226,938,480
Insurance service expenses	(5,254,035)	-	(23,973,104)	(18,378,693)	(7,168,515)	(112,049,500)	(173,692,944)
Incurred claims and other expenses	-	-	(39,434,458)	-	-	(104,439,634)	(151,377,044)
Amortisation of insurance acquisition cash flows	(5,254,035)	-	-	(18,378,693)	-	-	(23,632,728)
Losses on onerous contracts and reversals of those	-	-	-	-	(7,168,515)	-	(7,168,515)
Changes to liabilities for incurred claims	-	-	15,461,354	-	-	(7,609,866)	8,485,343
Insurance service result	30,510,274	-	(23,973,104)	172,795,478	(7,168,515)	(112,049,500)	53,245,536
Insurance finance expenses	-	-	47,061	-	-	1,771,174	1,818,235
Total changes in the statement of comprehensive income	30,510,274	-	(23,926,043)	172,795,478	(7,168,515)	(110,278,326)	55,063,771
<i>Cash flows</i>							
Premiums received	(33,985,143)	-	-	(238,126,588)	-	-	(272,111,731)
Claims and other expenses paid	-	-	33,100,249	-	-	22,601,216	55,701,465
Insurance acquisition cash flows	5,895,829	-	-	25,050,789	-	-	30,946,618
Total cash flows	(28,089,314)	-	33,100,249	(213,075,799)	-	22,601,216	(185,463,648)
Net insurance contract liabilities as at 31 December	(3,774,551)	-	(10,302,801)	(21,377,433)	(8,193,076)	(232,513,155)	(293,538,207)

Alliance Insurance P.S.C.
Condensed interim financial information (Unaudited)

Notes to the condensed interim financial information
For the period ended 30 September 2023

6 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

	Liabilities for remaining coverage		Liabilities for incurred claims (Unaudited) AED	Total (Unaudited) AED
	Excluding loss component (Unaudited) AED	Loss component (Unaudited) AED		
2023				
Insurance contract liabilities as at 1 January	(402,878,775)	(16,685,065)	(46,987,154)	(466,550,994)
Insurance revenue	41,026,652	-	-	41,026,652
Insurance service expenses	(1,508,175)	(5,594,411)	(20,435,019)	(27,537,605)
Incurred claims and other expenses	-	-	(42,619,018)	(42,619,018)
Amortisation of insurance acquisition cash flows	(1,508,175)	-	-	(1,508,175)
Losses on onerous contracts and reversals	-	(5,594,411)	-	(5,594,411)
Changes to liabilities for incurred claims	-	-	22,183,999	22,183,999
Insurance service result	39,518,477	(5,594,411)	(20,435,019)	13,489,047
Insurance finance expenses	(14,784,379)	(1,498,220)	(193,303)	(16,475,902)
Investment components	35,000,700	-	(35,000,700)	-
Total changes in the statement of comprehensive income	59,734,798	(7,092,631)	(55,629,022)	(2,986,855)
<i>Cash flows</i>				
Premiums received	(61,748,720)	-	-	(61,748,720)
Claims and other expenses paid	-	-	73,123,870	73,123,870
Insurance acquisition cash flows	6,434,150	-	4,415,612	10,849,762
Total cash flows	(55,314,570)	-	77,539,482	22,224,912
Net insurance contract liabilities as at 30 September	(398,458,547)	(23,777,696)	(25,076,694)	(447,312,937)
<i>2022 (restated)</i>				
Insurance contract liabilities as at 1 January	(471,919,920)	(354,325)	(47,994,727)	(520,268,972)
Insurance revenue	63,703,880	-	-	63,703,880
Insurance service expenses	(1,218,445)	(17,543,105)	(55,754,619)	(74,516,169)
Incurred claims and other expenses	-	-	(57,015,297)	(57,015,297)
Amortisation of insurance acquisition cash flows	(1,218,445)	-	-	(1,218,445)
Losses on onerous contracts and reversals	-	(17,543,105)	-	(17,543,105)
Changes to liabilities for incurred claims	-	-	1,260,678	1,260,678
Insurance service result	62,485,435	(17,543,105)	(55,754,619)	(10,812,289)
Insurance finance expenses	36,206,635	1,212,365	92,898	37,511,898
Investment components	55,563,117	-	(55,563,117)	-
Total changes in the statement of comprehensive income	154,255,187	(16,330,740)	(111,224,838)	26,699,609
<i>Cash flows</i>				
Premiums received	(93,142,781)	-	-	(93,142,781)
Claims and other expenses paid	-	-	112,232,411	112,232,411
Insurance acquisition cash flows	7,928,739	-	-	7,928,739
Total cash flows	(85,214,042)	-	112,232,411	27,018,369
Net insurance contract liabilities as at 31 December	(402,878,775)	(16,685,065)	(46,987,154)	(466,550,994)

Alliance Insurance P.S.C.
Condensed interim financial information (Unaudited)

Notes to the condensed interim financial information
For the period ended 30 September 2023

6 Insurance and reinsurance contracts (continued)

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

2023	Estimates of present value of future cash flows (Unaudited) AED	Risk adjustment for non-financial risk (Unaudited) AED	CSM (Unaudited) AED	Total (Unaudited) AED
Insurance contract liabilities as at 1 January	(449,799,827)	(12,826,913)	(3,924,254)	(466,550,994)
Changes that relate to current services				
CSM recognised for services provided	-	-	881,248	881,248
Change in risk adjustment for non-financial risk for risk expired	-	852,119	-	852,119
Experience adjustments	(2,128,122)	(119,172)	-	(2,247,294)
Changes that relate to future services				
Contracts initially recognised in the year	(1,004,837)	(424,344)	(269,735)	(1,698,916)
Changes in estimates that adjust the CSM	2,398,792	(90,570)	(2,308,222)	-
Changes in estimates that result in losses and reversals of losses on onerous contracts	(6,347,902)	(134,207)	-	(6,482,109)
Changes that relate to past services				-
Adjustments to liabilities for incurred claims	22,023,543	160,456	-	22,183,999
Insurance service result	14,941,474	244,282	(1,696,709)	13,489,047
Net finance expenses from insurance contracts	(16,447,639)	-	(28,263)	(16,475,902)
Total changes in the statement of profit or loss and OCI	(1,506,165)	244,282	(1,724,972)	(2,986,855)
Cash flows				
Premiums received	(61,748,720)	-	-	(61,748,720)
Claims and other directly attributable expenses paid	73,123,870	-	-	73,123,870
Insurance acquisition cash flows paid	10,849,762	-	-	10,849,762
Total cash flows	22,224,912	-	-	22,224,912
Insurance contract liabilities as at 30 September	(429,081,080)	(12,582,631)	(5,649,226)	(447,312,937)

Alliance Insurance P.S.C.
Condensed interim financial information (Unaudited)

Notes to the condensed interim financial information
For the period ended 30 September 2023

6 Insurance and reinsurance contracts (continued)

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

2022 (<i>restated</i>)	Estimates of present value of future cash flows (Unaudited) AED	Risk adjustment for non-financial risk (Unaudited) AED	CSM (Unaudited) AED	Total (Unaudited) AED
Insurance contract liabilities as at 1 January	(504,628,038)	(14,757,037)	(883,897)	(520,268,972)
Changes that relate to current services				
CSM recognised for services provided	-	-	2,030,399	2,030,399
Change in risk adjustment for non-financial risk for risk expired	-	2,865,889	-	2,865,889
Experience adjustments	5,089,985	(346,003)	-	4,743,982
Changes that relate to future services				
Contracts initially recognised in the year	(4,239,841)	(675,923)	1,093	(4,914,671)
Changes in estimates that adjust the CSM	5,216,056	(151,404)	(5,064,652)	-
Changes in estimates that result in losses and reversals of losses on onerous contracts	(16,738,759)	(59,807)	-	(16,798,566)
Changes that relate to past services				
Adjustments to liabilities for incurred claims	963,306	297,372	-	1,260,678
Insurance service result	(9,709,253)	1,930,124	(3,033,160)	(10,812,289)
Net finance expenses from insurance contracts	37,519,095	-	(7,197)	37,511,898
Total changes in the statement of profit or loss and OCI	27,809,842	1,930,124	(3,040,357)	26,699,609
Cash flows				
Premiums received	(93,142,781)	-	-	(93,142,781)
Claims and other directly attributable expenses paid	112,232,411	-	-	112,232,411
Insurance acquisition cash flows paid	7,928,739	-	-	7,928,739
Total cash flows	27,018,369	-	-	27,018,369
Insurance contract liabilities as at 31 December	(449,799,827)	(12,826,913)	(3,924,254)	(466,550,994)

**Alliance Insurance P.S.C.
Condensed interim financial information (Unaudited)**

Notes to the condensed interim financial information
For the period ended 30 September 2023

6 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 measured under the PAA

	Life and Medical			General			Total (Unaudited) AED
	Assets for remaining coverage		Amounts recoverable on incurred claims	Assets for remaining coverage		Amounts recoverable on incurred claims	
	Excluding loss recovery component (Unaudited) AED	Loss component (Unaudited) AED	Estimates of the present value of future cash flows (Unaudited) AED	Excluding loss recovery component (Unaudited) AED	Loss component (Unaudited) AED	Estimates of the present value of future cash flows (Unaudited) AED	
Reinsurance contract assets as at 1 January	12,869,405	-	6,140,527	17,160,603	3,742,907	160,976,228	216,375,017
Reinsurance contract liabilities as at 1 January	-	-	-	-	-	-	-
Net reinsurance contract assets as at 1 January	12,869,405	-	6,140,527	17,160,603	3,742,907	160,976,228	216,375,017
An allocation of reinsurance premiums	(18,636,772)	-	-	(123,498,132)	-	-	(142,134,904)
Amounts recoverable from reinsurers for incurred claims	-	-	18,670,157	-	(1,685,685)	14,550,826	31,169,593
Amounts recoverable for incurred claims and other expenses	-	-	23,661,711	-	-	66,521,064	97,157,245
Changes to amounts recoverable for incurred claims	-	-	(4,991,554)	-	-	(51,970,238)	(64,301,967)
Changes in fulfilment cash flows that do not adjust CSM	-	-	-	-	(1,685,685)	-	(1,685,685)
Net income or expense from reinsurance contracts held	(18,636,772)	-	18,670,157	(123,498,132)	(1,685,685)	14,550,826	(110,965,311)
Reinsurance finance income	-	-	48,619	-	-	2,417,469	2,466,088
Total changes in the statement of comprehensive income	(18,636,772)	-	18,718,776	(123,498,132)	(1,685,685)	16,968,295	(108,499,223)
<i>Cash flows</i>							
Premiums paid	14,946,950	-	-	140,011,894	-	-	154,958,844
Amounts received	-	-	(17,800,432)	-	-	(22,423,725)	(40,224,157)
Total cash flows	14,946,950	-	(17,800,432)	140,011,894	-	(22,423,725)	114,734,687
Net reinsurance contract assets as at 30 September	9,179,583	-	7,058,871	33,674,365	2,057,222	155,520,798	222,610,481
Reinsurance contract assets as at 30 September	9,179,583	-	7,058,871	33,726,257	2,057,222	155,488,678	222,627,438
Reinsurance contract liabilities as at 30 September	-	-	-	(51,892)	-	32,120	(16,957)
Net reinsurance contract assets as at 30 September	9,179,583	-	7,058,871	33,674,365	2,057,222	155,520,798	222,610,481

**Alliance Insurance P.S.C.
Condensed interim financial information (Unaudited)**

Notes to the condensed interim financial information
For the period ended 30 September 2023

6 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 measured under the PAA (continued)

2022 (restated)	Life and Medical			General			Total (Unaudited) AED
	Assets for remaining coverage	Amounts recoverable on incurred claims	Assets for remaining coverage	Amounts recoverable on incurred claims	Assets for remaining coverage	Amounts recoverable on incurred claims	
	Excluding loss recovery component (Unaudited) AED	Loss component (Unaudited) AED	Excluding loss recovery component (Unaudited) AED	Estimates of the present value of future cash flows (Unaudited) AED	Excluding loss recovery component (Unaudited) AED	Estimates of the present value of future cash flows (Unaudited) AED	Risk adjustment (Unaudited) AED
Reinsurance contract assets as at 1 January	7,699,737	-	(2,639,973)	11,542,846	510,326	90,087,527	8,843,296
Reinsurance contract liabilities as at 1 January	-	-	-	-	-	-	-
Net reinsurance contract assets as at 1 January	7,699,737	-	(2,639,973)	11,542,846	510,326	90,087,527	8,843,296
An allocation of reinsurance premiums	(20,195,698)	-	(149,089,545)	-	(294,309)	-	-
Amounts recoverable from reinsurers for incurred claims	-	-	-	15,401,982	(294,309)	79,161,953	6,426,034
Amounts recoverable for incurred claims and other expenses	-	-	-	26,855,040	1,132,904	73,602,157	6,359,385
Changes to amounts recoverable for incurred claims	-	-	-	(11,453,058)	(1,427,213)	5,559,796	66,649
Changes in fulfilment cash flows that do not adjust CSM	-	-	-	-	-	3,742,907	-
Net income or expense from reinsurance contracts held	(20,195,698)	-	(149,089,545)	15,401,982	(294,309)	79,161,953	6,426,034
Reinsurance finance income	-	-	-	(31,610)	-	(1,422,751)	-
Total changes in the statement of comprehensive income	(20,195,698)	-	(149,089,545)	15,370,372	(294,309)	77,739,202	6,426,034
<i>Cash flows</i>							
Premiums paid	25,365,366	-	168,890,121	-	-	-	-
Amounts received	-	-	-	(20,772,691)	-	(6,850,501)	-
Total cash flows	25,365,366	-	168,890,121	(20,772,691)	-	(6,850,501)	-
Net reinsurance contract assets as at 31 December	12,869,405	-	17,160,603	6,140,527	216,017	160,976,228	15,269,330
Reinsurance contract assets as at 31 December	12,869,405	-	17,160,603	6,140,527	216,017	160,976,228	15,269,330
Reinsurance contract liabilities as at 31 December	-	-	-	-	-	-	-
Net reinsurance contract assets as at 31 December	12,869,405	-	17,160,603	6,140,527	216,017	160,976,228	15,269,330

**Alliance Insurance P.S.C.
Condensed interim financial information (Unaudited)**

Notes to the condensed interim financial information
For the period ended 30 September 2023

6 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

2023	Life and Medical			General			Total (Unaudited) AED
	Assets for remaining coverage		Amounts recoverable on incurred claims (Unaudited) AED	Assets for remaining coverage		Amounts recoverable on incurred claims (Unaudited) AED	
	Excluding loss recovery component (Unaudited) AED	Loss component (Unaudited) AED		Excluding loss recovery component (Unaudited) AED	Loss component (Unaudited) AED		
Reinsurance contract assets as at 1 January	3,907,633	-	207,857	(279,202)	-	1,895,594	5,731,882
Reinsurance contract liabilities as at 1 January	-	-	-	-	-	-	-
Net reinsurance contract assets as at 1 January	3,907,633	-	207,857	(279,202)	-	1,895,594	5,731,882
An allocation of reinsurance premiums	(1,108,740)	-	-	(1,152,711)	-	-	(2,261,451)
Amounts recoverable from reinsurers for incurred claims	-	-	282,953	-	-	439,603	722,556
Amounts recoverable for incurred claims and other expenses	-	-	252,419	-	-	557,338	809,757
Changes to amounts recoverable for incurred claims	-	-	30,534	-	-	(117,735)	(87,201)
Net income or expense from reinsurance contracts held	(1,108,740)	-	282,953	(1,152,711)	-	439,603	(1,538,895)
Reinsurance finance income/(expense)	544,506	-	835	42,375	-	23,382	611,098
Total changes in the statement of comprehensive income	(564,234)	-	283,788	(1,110,336)	-	462,985	(927,797)
<i>Cash flows</i>							
Premiums paid	832,749	-	-	1,252,290	-	-	2,085,039
Amounts received	-	-	(245,431)	-	-	(745,378)	(990,809)
Total cash flows	832,749	-	(245,431)	1,252,290	-	(745,378)	1,094,230
Reinsurance contract assets as at 30 September	4,176,148	-	246,214	(137,248)	-	1,613,201	5,898,315
Reinsurance contract liabilities as at 30 September	-	-	-	-	-	-	-
Net reinsurance contract assets as at 30 September	4,176,148	-	246,214	(137,248)	-	1,613,201	5,898,315

Alliance Insurance P.S.C.
Condensed interim financial information (Unaudited)
Notes to the condensed interim financial information
For the period ended 30 September 2023

6 Insurance and reinsurance contracts (continued)

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

	Life and Medical		General		Total
	Estimates of present value of future cash flows (Unaudited) AED	Risk adjustment for non-financial risk (Unaudited) AED	Estimates of present value of future cash flows (Unaudited) AED	Risk adjustment for non-financial risk (Unaudited) AED	
2023					
Reinsurance contract assets as at 1 January	2,735,561	79,677	1,300,252	276,597	5,731,882
Reinsurance contract liabilities as at 1 January	-	-	-	-	-
Net reinsurance contract (liabilities)/ assets	2,735,561	79,677	1,300,252	276,597	5,731,882
Changes that relate to current services					
CSM recognised for services provided	-	-	(162,065)	-	(801,716)
Change in risk adjustment for non-financial risk for risk expired	-	(5,237)	-	(43,295)	(48,532)
Experience adjustments	(696,211)	7,191	-	70,687	(439,382)
Changes that relate to future services					
Contracts initially recognised in the year	(75,760)	3,587	72,172	65,554	-
Changes in estimates that adjust the CSM	(113,516)	1,057	112,459	1,341	-
Changes that relate to past services					
Adjustments to assets for incurred claims	36,627	(6,093)	-	(109,431)	-
Net expenses from reinsurance contracts	(848,860)	505	22,566	(15,144)	(97,995)
Net finance income from reinsurance contracts	532,906	-	12,435	34,410	31,347
Total changes in the statement of profit or loss and OCI	(315,954)	505	35,001	(15,144)	(66,648)
Cash flows					
Premiums paid	-	-	-	-	-
Amounts received	832,750	-	-	1,286,402	2,119,152
Total cash flows	(245,431)	-	-	(779,490)	(1,024,921)
Reinsurance contract assets as at 30 September	3,006,926	80,182	1,335,253	261,453	5,898,315
Reinsurance contract liabilities as at 30 September	-	-	-	-	-
Net reinsurance contract assets as at 30 September	3,006,926	80,182	1,335,253	261,453	5,898,315

Alliance Insurance P.S.C.
Condensed interim financial information (Unaudited)
Notes to the condensed interim financial information
For the period ended 30 September 2023

6 Insurance and reinsurance contracts (continued)

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

	Life and Medical		General		Total (Unaudited) AED
	Estimates of present value of future cash flows (Unaudited) AED	Risk adjustment for non-financial risk (Unaudited) AED	Estimates of present value of future cash flows (Unaudited) AED	Risk adjustment for non- financial risk (Unaudited) AED	
2022 (restated)					
Reinsurance contract assets as at 1 January	462,157	52,931	998,915	221,340	3,481,993
Reinsurance contract liabilities as at 1 January	-	-	-	-	-
Net reinsurance contract assets as at 1 January	462,157	52,931	998,915	221,340	3,481,993
Changes that relate to current services					
CSM recognised for services provided	-	-	-	-	(1,267,222)
Change in risk adjustment for non-financial risk for risk expired	-	24,898	-	(35,950)	(11,052)
Experience adjustments	(940,679)	10,899	243,894	69,378	(616,508)
Changes that relate to future services					
Contracts initially recognised in the year	(152,920)	4,893	(840,081)	50,401	789,679
Changes in estimates that adjust the CSM	392,116	(553)	(299,955)	(16,527)	316,483
Changes that relate to past services					
Adjustments to assets for incurred claims	526,422	(13,391)	154,412	(12,045)	655,398
Net expenses from reinsurance contracts	(175,061)	26,746	(741,730)	55,257	(1,239,384)
Net finance income from reinsurance contracts	87,471	-	(16,861)	-	95,456
Total changes in the statement of profit or loss and OCI	(87,590)	26,746	(758,591)	55,257	(1,143,928)
Cash flows					
Premiums paid	2,732,693	-	1,260,066	-	3,992,759
Amounts received	(371,699)	-	(227,243)	-	(598,942)
Total cash flows	2,360,994	-	1,032,823	-	3,393,817
Reinsurance contract assets as at 31 December	2,735,561	79,677	1,273,147	276,597	5,731,882
Reinsurance contract liabilities as at 31 December	-	-	-	-	-
Net reinsurance contract assets as at 31 December	2,735,561	79,677	1,273,147	276,597	5,731,882

Alliance Insurance P.S.C.
Condensed interim financial information (Unaudited)
Notes to the condensed interim financial information
For the period ended 30 September 2023

6 Insurance and reinsurance contracts (continued)

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

	1 year AED	2 year AED	3 year AED	4 year AED	5 year AED	>6 year AED	Total AED
30 September 2023							
CSM for insurance contracts issued	567,509	486,228	421,106	363,477	316,979	3,493,927	5,649,226
CSM for reinsurance contracts held	129,110	112,372	98,594	86,803	76,448	831,926	1,335,253
	<u>696,619</u>	<u>598,600</u>	<u>519,700</u>	<u>450,280</u>	<u>393,427</u>	<u>4,325,853</u>	<u>6,984,479</u>
31 December 2022 <i>(restated)</i>							
CSM for insurance contracts issued	395,279	341,853	293,933	251,869	219,603	2,421,717	3,924,254
CSM for reinsurance contracts held	132,720	116,723	101,432	88,702	78,575	848,748	1,366,900
	<u>527,999</u>	<u>458,576</u>	<u>395,365</u>	<u>340,571</u>	<u>298,178</u>	<u>3,270,465</u>	<u>5,291,154</u>

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

	(Unaudited) PAA AED	(Unaudited) Non-PAA AED	(Unaudited) Total AED
30 September 2023			
Insurance contract liabilities	289,369,090	447,312,937	736,682,027
Reinsurance contract liabilities	<u>16,957</u>	<u>-</u>	<u>16,957</u>
Insurance contract assets	762,653	-	762,653
Reinsurance contract assets	<u>222,627,438</u>	<u>5,898,315</u>	<u>228,525,753</u>
31 December 2022 <i>(restated)</i>			
Insurance contract liabilities	<u>293,538,207</u>	<u>466,550,994</u>	<u>760,089,201</u>
Reinsurance contract assets	<u>216,375,017</u>	<u>5,731,882</u>	<u>222,106,899</u>

Alliance Insurance P.S.C.
Condensed interim financial information (Unaudited)

Notes to the condensed interim financial information
For the period ended 30 September 2023

7 Prepayments and other receivables

	(Unaudited) 30 September 2023 AED	<i>Restated</i> (Unaudited) 31 December 2022 AED
Rent receivable from tenants	9,772,527	6,686,448
Accrued interest from investments at amortised cost	6,575,480	7,696,923
Prepayments	3,064,608	1,969,629
Refundable deposits	215,041	165,536
Receivable from employees	238,374	299,255
Others	12,504,526	10,480,235
Provision for expected credit losses	(3,165,781)	(1,976,956)
	<u>29,204,775</u>	<u>25,321,070</u>

8 Statutory deposits

As at 30 September 2023, deposit of AED 10,000,000 (31 December 2022: AED 10,463,189) has been placed with one of the Company's bankers, in accordance with Article 42 of UAE Federal Law No. 6 of 2007, as amended. 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 ranging from 0.5% to 1.5% per annum (2022: 0.5% to 1.5% per annum).

9 Deposits

	(Unaudited) 30 September 2023 AED	(Unaudited) 31 December 2022 AED
<i>Current portion</i>		
Short term deposits with banks in the UAE	443,432,564	407,131,592
Accrued interest on short term deposits	10,534,534	4,441,578
	<u>453,967,098</u>	<u>411,573,170</u>
<i>Non-current portion</i>		
Long term deposits with banks in the UAE	3,000,000	61,600,000
Accrued interest on long term deposits	62,700	2,066,458
	<u>3,062,700</u>	<u>63,666,458</u>
Less: Provision for expected credit losses	(320,238)	(320,238)
	<u>456,709,560</u>	<u>474,919,390</u>

Deposits comprise fixed deposits with original maturity term of 12 months and above with banks in UAE bearing annual interest at rates ranging from 0.05% to 5.55% (31 December 2022: 0.05% to 5.55%).

Alliance Insurance P.S.C.
Condensed interim financial information (Unaudited)

Notes to the condensed interim financial information
For the period ended 30 September 2023

10 Cash and cash equivalents

	(Unaudited) 30 September 2023 AED	(Unaudited) 31 December 2022 AED
Cash on hand	90,000	220,942
Current accounts with banks	13,829,158	31,473,640
Provision for expected credit losses	(73,827)	(73,827)
	<u>13,845,331</u>	<u>31,620,755</u>

Bank balances are maintained with local banks in UAE.

11 Share capital

	(Unaudited) 30 September 2023 AED	(Unaudited) 31 December 2022 AED
Issued and fully paid: 1,000,000 ordinary shares of AED 100 each	<u>100,000,000</u>	<u>100,000,000</u>

12 Statutory reserve

In accordance with the Company's Articles of Association and Federal Decree Law No. (32) of 2021, 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. This reserve is not available for distribution, except as stipulated by the Law. No allocation to the statutory reserve has been made for the nine-month period ended 30 September 2023, as this will be based on the audited results for the year end.

13 Other payables

	(Unaudited) 30 September 2023 AED	<i>Restated</i> (Unaudited) 31 December 2022 AED
Rent received in advance	6,685,234	6,466,439
Provision for staff benefits	2,248,343	4,919,523
Accruals and provision	1,388,437	1,238,493
Other payables	6,640,016	8,778,373
	<u>16,962,030</u>	<u>21,402,828</u>

Alliance Insurance P.S.C.
Condensed interim financial information (Unaudited)

Notes to the condensed interim financial information
For the period ended 30 September 2023

14 Basic and diluted earnings per share

	<i>Restated</i>		<i>Restated</i>	
	Three months period ended 30 September (Unaudited) 2023	2022	Nine months period ended 30 September (Unaudited) 2023	2022
Profit for the period (in AED)	4,582,206	23,490,495	29,119,127	53,808,884
Number of shares	1,000,000	1,000,000	1,000,000	1,000,000
Basic and diluted earnings per share (in AED)	4.58	23.49	29.12	53.81

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.

15 Insurance revenue

For the nine-month period ended 30 September 2023	Life and Medical (Unaudited) AED	General (Unaudited) AED	Total (Unaudited) AED
Contracts not measured under the PAA			
Expected incurred claims and other insurance service expenses	37,834,735	-	37,834,735
Recovery of insurance acquisition cash flows	1,508,175	-	1,508,175
CSM recognised for services provided	802,494	-	802,494
Change in risk adjustment for non-financial risk for risk expired	881,248	-	881,248
	41,026,652	-	41,026,652
Contracts measured under the PAA	32,553,487	150,820,392	183,373,879
Total insurance revenue	73,580,139	150,820,392	224,400,531

For the nine-month period ended 30 September 2022 (restated)	Life and Medical (Unaudited) AED	General (Unaudited) AED	Total (Unaudited) AED
Contracts not measured under the PAA			
Expected incurred claims and other insurance service expenses	39,774,661	-	39,774,661
Recovery of insurance acquisition cash flows	627,719	-	627,719
CSM recognised for services provided	2,211,955	-	2,211,955
Change in risk adjustment for non-financial risk for risk expired	1,942,341	-	1,942,341
	44,556,676	-	44,556,676
Contracts measured under the PAA	25,365,248	136,669,786	162,035,034
Total insurance revenue	69,921,924	136,669,786	206,591,710

Alliance Insurance P.S.C.
Condensed interim financial information (Unaudited)

Notes to the condensed interim financial information
For the period ended 30 September 2023

15 Insurance revenue (continued)

For the three-month period ended 30 September 2023	Life and Medical (Unaudited) AED	General (Unaudited) AED	Total (Unaudited) AED
Contracts not measured under the PAA			
Expected incurred claims and other insurance service expenses	10,973,480	-	10,973,480
Recovery of insurance acquisition cash flows	646,318	-	646,318
CSM recognised for services provided	285,529	-	285,529
Change in risk adjustment for non-financial risk for risk expired	398,036	-	398,036
	<u>12,303,363</u>	-	<u>12,303,363</u>
Contracts measured under the PAA	<u>13,036,566</u>	<u>49,749,075</u>	<u>62,785,641</u>
Total insurance revenue	<u>25,339,929</u>	<u>49,749,075</u>	<u>75,089,004</u>
For the three-month period ended 30 September 2022 <i>(restated)</i>	Life and Medical (Unaudited) AED	General (Unaudited) AED	Total (Unaudited) AED
Contracts not measured under the PAA			
Expected incurred claims and other insurance service expenses	11,821,192	-	11,821,192
Recovery of insurance acquisition cash flows	340,808	-	340,808
CSM recognised for services provided	782,998	-	782,998
Change in risk adjustment for non-financial risk for risk expired	753,607	-	753,607
	<u>13,698,605</u>	-	<u>13,698,605</u>
Contracts measured under the PAA	<u>9,633,072</u>	<u>51,917,261</u>	<u>61,550,333</u>
Total insurance revenue	<u>23,331,677</u>	<u>51,917,261</u>	<u>75,248,938</u>

Alliance Insurance P.S.C.
Condensed interim financial information (Unaudited)

Notes to the condensed interim financial information
For the period ended 30 September 2023

16 Insurance service expenses

For the nine-month period ended 30 September 2023	Life and Medical (Unaudited) AED	General (Unaudited) AED	Total (Unaudited) AED
Incurring claims and other expenses	73,344,683	86,660,362	160,005,045
Acquisition cash flows recognised when incurred	6,657,478	8,445,954	15,103,432
Losses on onerous contracts and reversals of those losses	5,594,411	(3,720,853)	1,873,558
Changes to liabilities for incurred claims	(30,495,787)	(57,694,067)	(88,189,854)
Amortisation of insurance acquisition cash flows	5,908,645	12,257,186	18,165,831
	61,009,430	45,948,582	106,958,012
For the nine-month period ended 30 September 2022 (restated)	Life and Medical (Unaudited) AED	General (Unaudited) AED	Total (Unaudited) AED
Incurring claims and other expenses	70,802,936	47,837,325	118,640,261
Acquisition cash flows recognised when incurred	5,382,981	6,829,073	12,212,054
Losses on onerous contracts and reversals of those losses	11,116,930	8,270,759	19,387,689
Changes to liabilities for incurred claims	(22,297,848)	(16,877,494)	(39,175,342)
Amortisation of insurance acquisition cash flows	4,433,134	13,270,129	17,703,263
	69,438,133	59,329,792	128,767,925
For the three-month period ended 30 September 2023	Life and Medical (Unaudited) AED	General (Unaudited) AED	Total (Unaudited) AED
Incurring claims and other expenses	19,667,447	29,401,398	49,068,845
Acquisition cash flows recognised when incurred	2,224,951	2,822,665	5,047,616
Losses on onerous contracts and reversals of those losses	1,875,575	1,249,953	3,125,528
Changes to liabilities for incurred claims	(1,643,335)	11,499,540	9,856,205
Amortisation of insurance acquisition cash flows	2,467,262	2,970,734	5,437,996
	24,591,900	47,944,290	72,536,190
For the three-month period ended 30 September 2022 (restated)	Life and Medical (Unaudited) AED	General (Unaudited) AED	Total (Unaudited) AED
Incurring claims and other expenses	14,473,601	14,520,307	28,993,908
Acquisition cash flows recognised when incurred	1,754,491	2,225,821	3,980,312
Losses on onerous contracts and reversals of those losses	3,739,087	4,479,920	8,219,007
Changes to liabilities for incurred claims	(494,273)	(2,499,464)	(2,993,737)
Amortisation of insurance acquisition cash flows	1,760,525	4,564,122	6,324,647
	21,233,431	23,290,706	44,524,137

Alliance Insurance P.S.C.
Condensed interim financial information (Unaudited)

Notes to the condensed interim financial information
For the period ended 30 September 2023

17 Net insurance financial result

For the nine-month period ended 30 September 2023	Life and Medical (Unaudited) AED	General (Unaudited) AED	Total (Unaudited) AED
Insurance finance income/(expenses) from insurance contracts issued			
Interest accreted to insurance contracts using current financial assumptions	(17,528,194)	(3,141,207)	(20,669,401)
Due to changes in interest rates and other financial assumptions	979,703	306,021	1,285,724
Total insurance finance expenses from insurance contracts issued	(16,548,491)	(2,835,186)	(19,383,677)
Represented by:			
Amounts recognised in profit or loss	(16,548,491)	(2,835,186)	(19,383,677)
Amounts recognised in OCI	-	-	-
Reinsurance finance income/(expenses) from reinsurance contracts held			
Interest accreted to reinsurance contracts using current financial assumptions	10,688	2,671,577	2,682,265
Due to changes in interest rates and other financial assumptions	(33,986)	(188,350)	(222,336)
Reinsurance finance income from reinsurance contracts held	(23,298)	2,483,227	2,459,929
Represented by:			
Amounts recognised in profit or loss	(23,298)	2,483,227	2,459,929
Amounts recognised in OCI	-	-	-
Total insurance finance expenses and reinsurance finance income	(16,571,789)	(351,959)	(16,923,748)
Represented by:			
Amounts recognised in profit or loss	(16,571,789)	(351,959)	(16,923,748)
Amounts recognised in OCI	-	-	-

Alliance Insurance P.S.C.
Condensed interim financial information (Unaudited)

Notes to the condensed interim financial information
For the period ended 30 September 2023

17 Net insurance financial result (continued)

For the nine-month period ended 30 September 2022 (restated)	Life and Medical (Unaudited) AED	General (Unaudited) AED	Total (Unaudited) AED
Insurance finance income/(expenses) from insurance contracts issued			
Interest accreted to insurance contracts using current financial assumptions	(3,635,145)	(291,018)	(3,926,163)
Due to changes in interest rates and other financial assumptions	40,938,788	1,541,005	42,479,793
Total insurance finance expenses from insurance contracts issued	37,303,643	1,249,987	38,553,630
Represented by:			
Amounts recognised in profit or loss	37,303,643	1,249,987	38,553,630
Amounts recognised in OCI	-	-	-
Reinsurance finance income/(expenses) from reinsurance contracts held			
Interest accreted to reinsurance contracts using current financial assumptions	10,986	258,090	269,076
Due to changes in interest rates and other financial assumptions	136,382	(1,245,160)	(1,108,778)
Reinsurance finance income from reinsurance contracts held	147,368	(987,070)	(839,702)
Represented by:			
Amounts recognised in profit or loss	147,368	(987,070)	(839,702)
Amounts recognised in OCI	-	-	-
Total insurance finance expenses and reinsurance finance income	37,451,011	262,917	37,713,928
Represented by:			
Amounts recognised in profit or loss	37,451,011	262,917	37,713,928
Amounts recognised in OCI	-	-	-

Alliance Insurance P.S.C.
Condensed interim financial information (Unaudited)

Notes to the condensed interim financial information
For the period ended 30 September 2023

17 Net insurance financial result (continued)

For the three-month period ended 30 September 2023	Life and Medical (Unaudited) AED	General (Unaudited) AED	Total (Unaudited) AED
Insurance finance income/(expenses) from insurance contracts issued			
Interest accreted to insurance contracts using current financial assumptions	(5,711,672)	(522,229)	(6,233,901)
Due to changes in interest rates and other financial assumptions	1,999,458	108,268	2,107,726
Total insurance finance expenses from insurance contracts issued	(3,712,214)	(413,961)	(4,126,175)
Represented by:			
Amounts recognised in profit or loss	(3,712,214)	(413,961)	(4,126,175)
Amounts recognised in OCI	-	-	-
Reinsurance finance income/(expenses) from reinsurance contracts held			
Interest accreted to reinsurance contracts using current financial assumptions	(152,473)	549,111	396,638
Due to changes in interest rates and other financial assumptions	(111,892)	(70,131)	(182,023)
Reinsurance finance income from reinsurance contracts held	(264,365)	478,980	214,615
Represented by:			
Amounts recognised in profit or loss	(264,365)	478,980	214,615
Amounts recognised in OCI	-	-	-
Total insurance finance expenses and reinsurance finance income	(3,976,579)	65,019	(3,911,560)
Represented by:			
Amounts recognised in profit or loss	(3,976,579)	65,019	(3,911,560)
Amounts recognised in OCI	-	-	-

Alliance Insurance P.S.C.
Condensed interim financial information (Unaudited)

Notes to the condensed interim financial information
For the period ended 30 September 2023

17 Net insurance financial result (continued)

For the three-month period ended 30 September 2022 (restated)	Life and Medical (Unaudited) AED	General (Unaudited) AED	Total (Unaudited) AED
Insurance finance income/(expenses) from insurance contracts issued			
Interest accreted to insurance contracts using current financial assumptions	(1,347,586)	(48,210)	(1,395,796)
Due to changes in interest rates and other financial assumptions	15,958,211	577,745	16,535,956
Total insurance finance expenses from insurance contracts issued	14,610,625	529,535	15,140,160
Represented by:			
Amounts recognised in profit or loss	14,610,625	529,535	15,140,160
Amounts recognised in OCI			
Reinsurance finance income/(expenses) from reinsurance contracts held			
Interest accreted to reinsurance contracts using current financial assumptions	(25,762)	53,948	28,186
Due to changes in interest rates and other financial assumptions	102,526	(461,014)	(358,488)
Reinsurance finance income from reinsurance contracts held	76,764	(407,066)	(330,302)
Represented by:			
Amounts recognised in profit or loss	76,764	(407,066)	(330,302)
Amounts recognised in OCI	-	-	-
Total insurance finance expenses and reinsurance finance income	14,687,389	122,469	14,809,858
Represented by:			
Amounts recognised in profit or loss	14,687,389	122,469	14,809,858
Amounts recognised in OCI	-	-	-

Alliance Insurance P.S.C.
Condensed interim financial information (Unaudited)

Notes to the condensed interim financial information
For the period ended 30 September 2023

18 Related party transactions

Related parties represent, major shareholders, directors and key management personnel of the Company, and entities controlled, jointly controlled or significantly influenced by such parties. The pricing policies and terms of these transactions are approved by the Company's management.

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

	(Unaudited) 30 September 2023 AED	(Unaudited) 31 December 2022 AED
<i>Key Management personnel and entities under common control</i>		
Due from related parties	572,573	1,609,697

Transactions

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

	Nine months period ended 30 September (Unaudited)	
	2023	2022
<i>Key Management personnel and entities under common control</i>		
Premiums	2,805,100	4,949,511
Claims paid	51,645	245,411
Directors' and key management personnel remuneration	1,945,708	1,414,123

	Three months period ended 30 September (Unaudited)	
	2023	2022
<i>Key Management personnel and entities under common control</i>		
Premiums	1,376,522	1,292,423
Claims paid	36,878	233,513
Directors' and key management personnel remuneration	530,560	457,927

19 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 on the next page:

Alliance Insurance P.S.C.
Condensed interim financial information (Unaudited)

Notes to the condensed interim financial information
For the period ended 30 September 2023

19 Segment information (continued)

	For the nine-month period ended 30 September 2023 (Unaudited)		
	Life assurance AED	General insurance AED	Total AED
Insurance revenue	73,580,139	150,820,392	224,400,531
Insurance service expenses	(61,009,430)	(45,948,582)	(106,958,012)
Insurance service result before reinsurance contracts held	12,570,709	104,871,810	117,442,519
Net expense from reinsurance contracts held	(2,334,919)	(109,552,031)	(111,886,950)
Insurance service result	10,235,790	(4,680,221)	5,555,569
Income from financial investments	19,638,305	12,885,216	32,523,521
Income from investment properties - net	4,893,899	2,072,125	6,966,024
Total investment income	24,532,204	14,957,341	39,489,545
Insurance finance expense	(16,548,492)	(2,835,184)	(19,383,676)
Reinsurance finance income	(23,298)	2,483,226	2,459,928
Financial insurance result	(16,571,790)	(351,958)	(16,923,748)
Foreign currency exchange gain	-	-	237,037
Other income	-	-	1,834,377
Unattributable expenses	-	-	(1,073,653)
Profit for the period	18,196,204	9,925,162	29,119,127

Alliance Insurance P.S.C.
Condensed interim financial information (Unaudited)

Notes to the condensed interim financial information
For the period ended 30 September 2023

19 Segment information (continued)

	For the nine-month period ended 30 September 2022 (Unaudited) <i>(restated)</i>		
	Life assurance AED	General insurance AED	Total AED
Insurance revenue	69,921,924	136,669,786	206,591,710
Insurance service expenses	(69,438,132)	(59,329,793)	(128,767,925)
Insurance service result before reinsurance contracts held	483,792	77,339,993	77,823,785
Net expense from reinsurance contracts held	(7,294,638)	(85,022,546)	(92,317,184)
Insurance service result	(6,810,846)	(7,682,553)	(14,493,399)
Income from financial investments	15,654,722	7,892,439	23,547,161
Income from investment properties - net	4,692,262	1,849,278	6,541,540
Total investment income	20,346,984	9,741,717	30,088,701
Insurance finance expense	37,303,644	1,249,987	38,553,631
Reinsurance finance income	147,367	(987,070)	(839,703)
Financial insurance result	37,451,011	262,917	37,713,928
Foreign currency exchange gain	-	-	233,311
Other income	-	-	1,546,519
Unattributable expenses	-	-	(1,280,176)
Profit for the period	50,987,149	2,322,081	53,808,884

Alliance Insurance P.S.C.
Condensed interim financial information (Unaudited)

Notes to the condensed interim financial information
For the period ended 30 September 2023

19 Segment information (continued)

	For the three-month period ended 30 September 2023 (Unaudited)		
	Life assurance AED	General insurance AED	Total AED
Insurance revenue	25,339,929	49,749,075	75,089,004
Insurance service expenses	(24,591,900)	(47,944,290)	(72,536,190)
Insurance service result before reinsurance contracts held	748,029	1,804,785	2,552,814
Net income/(expense) from reinsurance contracts held	(2,363,348)	(5,688,777)	(8,052,125)
Insurance service result	(1,615,319)	(3,883,992)	(5,499,311)
Income from financial investments	6,719,104	4,543,629	11,262,733
Income from investment properties - net	1,346,211	465,401	1,811,612
Total investment income	8,065,315	5,009,030	13,074,345
Insurance finance expense	(3,712,215)	(413,961)	(4,126,176)
Reinsurance finance income	(264,364)	478,980	214,616
Financial insurance result	(3,976,579)	65,019	(3,911,560)
Foreign currency exchange gain	-	-	66,459
Other income	-	-	595,261
Unattributable expenses	-	-	257,012
Profit for the period	2,473,417	1,190,057	4,582,206

Alliance Insurance P.S.C.
Condensed interim financial information (Unaudited)

Notes to the condensed interim financial information
For the period ended 30 September 2023

19 Segment information (continued)

	For the three-month period ended 30 September 2022 (Unaudited) <i>(restated)</i>		
	Life assurance AED	General insurance AED	Total AED
Insurance revenue	23,331,677	51,917,261	75,248,938
Insurance service expenses	(21,233,431)	(23,290,706)	(44,524,137)
Insurance service result before reinsurance contracts held	2,098,246	28,626,555	30,724,801
Net expense from reinsurance contracts held	(4,183,150)	(28,391,636)	(32,574,786)
Insurance service result	(2,084,904)	234,919	(1,849,985)
Income from financial investments	5,459,989	2,781,296	8,241,285
Income from investment properties – net	1,482,940	560,628	2,043,568
Total investment income	6,942,929	3,341,924	10,284,853
Insurance finance expense	14,610,625	529,536	15,140,161
Reinsurance finance income	76,764	(407,067)	(330,303)
Financial insurance result	14,687,389	122,469	14,809,858
Foreign currency exchange gain	-	-	76,641
Other income	-	-	413,295
Unattributable expenses	-	-	(244,167)
Profit for the period	19,545,414	3,699,312	23,490,495

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

	(Unaudited) Life assurance AED	(Unaudited) General insurance AED	(Unaudited) Total AED
As at 30 September 2023			
Total assets	616,031,239	679,429,947	1,295,461,186
Total equity	248,490,341	287,474,366	535,964,707
Total liabilities	367,540,898	391,955,581	759,496,479
As at 31 December 2022 <i>(restated)</i>			
Total assets	633,576,068	688,420,577	1,321,996,645
Total equity	265,939,302	269,835,552	535,774,854
Total liabilities	494,213,605	292,008,186	786,221,791

Alliance Insurance P.S.C.
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Notes to the condensed interim financial information
For the period ended 30 September 2023

20 Contingent liabilities

	(Unaudited) 30 September 2023 AED	(Unaudited) 31 December 2022 AED
Letters of guarantee	<u>10,449,755</u>	<u>20,560,329</u>

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.

21 Financial instruments

The fair values of financial assets are determined using similar valuation techniques and assumptions as used in the audited annual financial statements for the year ended 31 December 2022.

Financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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
	30 September 2023 (Unaudited) AED	31 December 2022 (Unaudited) AED		
Quoted equity securities – FVTOCI	<u>8,815,651</u>	<u>7,744,925</u>	Level 1	Quoted bid prices in an active market.

Alliance Insurance P.S.C.
Condensed interim financial information (Unaudited)

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22 Capital risk management

The solvency regulations identify the required Solvency Margin to be held in addition to insurance liabilities. The Solvency Margin (presented in the table below) must be maintained at all times throughout the period. The Company is subject to solvency regulations which it has complied with during the year. The Company has incorporated in its policies and procedures the necessary tests to ensure continuous and full compliance with such regulations. 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 required Solvency Margins. In accordance with Circular No. CBUAE/BSD/N/2022/923 of CBUAE dated 28 February 2022, the Company has disclosed the solvency position for the immediately preceding period as the current period solvency position is not yet finalised.

	(Unaudited) 30 June 2023 AED	(Unaudited) 31 December 2022 AED
Minimum Capital Requirement (MCR)	100,000,000	100,000,000
Solvency Capital Requirement (SCR)	142,872,806	145,396,553
Minimum Guarantee Fund (MGF)	47,624,269	48,465,518
Basic Own Funds	441,364,189	427,415,092
MCR Solvency Margin - Minimum Capital Requirement - Surplus	341,364,189	327,415,092
SCR Solvency Margin - Solvency Capital Requirement - Surplus	298,491,383	282,018,539
MGF Solvency Margin – Minimum Guarantee Fund - Surplus	393,739,920	378,949,574

23 Subsequent events

There have been no events subsequent to the condensed interim statement of financial position date that would significantly affect the amounts reported in the condensed interim financial information as at and for the nine-month period ended 30 September 2023.

24 Approval of the condensed interim financial information

The condensed interim financial information was approved by the Board of Directors and authorised for issue on 13 November 2023.