

**WARBA INSURANCE COMPANY K.S.C.P.
AND ITS SUBSIDIARY**

**INTERIM CONDENSED CONSOLIDATED FINANCIAL
INFORMATION (UNAUDITED)**

31 MARCH 2020

REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION TO THE BOARD OF DIRECTORS OF WARBA INSURANCE COMPANY K.S.C.P.

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Warba Insurance Company K.S.C.P. (the “Parent Company”) and its subsidiary (collectively “the Group”) as at 31 March 2020, and the related interim condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the three months period then ended. The management of the Parent Company is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with International Accounting Standard 34: Interim Financial Reporting (“IAS 34”). Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

Scope of Review

We conducted our review in accordance with 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.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial information is not prepared, in all material respects, in accordance with IAS 34.

Report on Other Legal and Regulatory Requirements

Furthermore, based on our review, the interim condensed consolidated financial information is in agreement with the books of account of the Parent Company. We further report that, to the best of our knowledge and belief, we have not become aware of any violations of the Companies Law No. 1 of 2016, as amended, and its executive regulations, as amended, nor of the Parent Company's Memorandum of Incorporation and Articles of Association, as amended, during the three months period ended 31 March 2020 that might have had a material effect on the business of the Parent Company or on its financial position.



BADER A. AL-ABDULJADER
LICENCE NO. 207-A
EY
AL AIBAN, AL OSAIMI & PARTNERS

6 August 2020
Kuwait

Warba Insurance Company K.S.C.P. and its Subsidiary

INTERIM CONDENSED CONSOLIDATED STATEMENT OF INCOME (UNAUDITED)

For the period ended 31 March 2020

	Notes	Three months ended 31 March	
		2020 KD	2019 KD
REVENUES:			
Gross premiums written		10,000,466	8,887,978
Premium ceded to reinsurers		(4,952,671)	(4,233,569)
Net premiums written		5,047,795	4,654,409
Movement in unexpired risk reserve		(136,620)	(230,783)
Movement in life mathematical reserve		4,864	(38,406)
Net premiums earned		4,916,039	4,385,220
Commissions income on ceded reinsurance		420,073	357,104
Policy issuance fees		39,349	46,341
Total revenues		5,375,461	4,788,665
EXPENSES:			
Net claims incurred		(2,100,073)	(2,377,059)
Commissions and premiums' acquisition costs		(610,450)	(511,807)
General and administrative expenses		(1,340,074)	(1,433,538)
Total expenses		(4,050,597)	(4,322,404)
NET UNDERWRITING INCOME		1,324,864	466,261
Net investment (loss) income	3	(517,736)	354,431
Share of results of associates		(11,403)	71,327
Other insurance services income		180,213	140,693
Foreign currency exchange difference		111,075	5,432
Other (losses) income		(7,447)	67
		1,079,566	1,038,211
Other insurance services expense		(141,570)	(192,862)
Allowances for impairment of doubtful and bad debts		-	(153,400)
		(141,570)	(346,262)
Profit before provisions for contribution to Kuwait Foundation for the Advancement of Science (KFAS), National Labor Support Tax (NLST) and Zakat		937,996	691,949
Contribution to KFAS		(8,694)	(6,679)
NLST		(20,080)	(20,418)
Zakat		(8,032)	(7,664)
PROFIT FOR THE PERIOD		901,190	657,188
Attributable to:			
Equity holders of the Parent Company		895,517	683,504
Non-controlling interest		5,673	(26,316)
		901,190	657,188
BASIC AND DILUTED EARNINGS PER SHARE ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE PARENT COMPANY	4	5.52 fils	4.22 fils

The attached notes 1 to 17 form part of this interim condensed consolidated financial information.

Warba Insurance Company K.S.C.P. and its Subsidiary

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE
INCOME (UNAUDITED)

For the period ended 31 March 2020

	<i>Three months ended</i>	
	<i>31 March</i>	
	<i>2020</i>	<i>2019</i>
	<i>KD</i>	<i>KD</i>
Profit for the period	901,190	657,188
Other comprehensive (loss) income:		
<i>Items that are or may be reclassified to the interim condensed consolidated statement of income in subsequent periods:</i>		
- Net unrealised (loss) gain of financial assets available for sale	(2,193,064)	2,033,559
- Share of other comprehensive loss of associates	(377)	-
Other comprehensive (loss) income for the period	(2,193,441)	2,033,559
Total comprehensive (loss) income for the period	(1,292,251)	2,690,747
Attributable to:		
Equity holders of the Parent Company	(1,297,924)	2,717,063
Non-controlling interests	5,673	(26,316)
	(1,292,251)	2,690,747

The attached notes 1 to 17 form part of this interim condensed consolidated financial information.

Warba Insurance Company K.S.C.P. and its Subsidiary

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

As at 31 March 2020

		31 March 2020	(Audited) 31 December 2019	31 March 2019
	Notes	KD	KD	KD
ASSETS				
Property and equipment	5	7,260,660	7,302,192	7,320,641
Investment in associates		7,553,312	7,565,095	7,341,432
Loan secured by life insurance policies		28,067	26,491	20,154
Financial assets available for sale	6	18,318,944	20,445,323	19,015,112
Financial assets at fair value through profit or loss		7,731,831	7,911,186	7,178,146
Reinsurance share in outstanding claims reserve		49,212,041	49,202,692	34,214,845
Insurance and reinsurance receivables		14,809,254	13,503,821	19,649,436
Other assets		6,993,804	6,097,469	5,608,588
Term deposits	7	6,588,215	6,671,600	6,674,531
Bank balances and cash	8	1,909,276	414,143	1,650,438
TOTAL ASSETS		120,405,404	119,140,012	108,673,323
EQUITY AND LIABILITIES				
Equity				
Share capital	9	17,278,874	17,278,874	17,278,874
Statutory reserve		8,781,109	8,781,109	8,781,109
General reserve		4,000,000	4,000,000	4,000,000
Voluntary reserve		764,895	764,895	764,895
Treasury shares	10	(1,275,970)	(1,275,970)	(1,275,970)
Treasury shares reserve		164,760	164,760	164,760
Cumulative changes in fair values reserve		4,248,000	6,441,441	7,440,230
Retained earnings		2,847,420	1,951,903	1,465,028
Equity attributable to equity holders of the Parent Company		36,809,088	38,107,012	38,618,926
Non-controlling interests		(23,474)	(29,147)	(15,032)
Total equity		36,785,614	38,077,865	38,603,894
Liabilities				
Bank overdraft	8	614,590	-	1,684,482
Insurance contract liabilities	11	65,552,818	65,285,130	51,504,011
Insurance and reinsurance payables		9,106,155	9,177,949	11,125,223
Other liabilities		8,346,227	6,599,068	5,755,713
Total liabilities		83,619,790	81,062,147	70,069,429
TOTAL EQUITY AND LIABILITIES		120,405,404	119,140,012	108,673,323

Anwar Jawad Bu-Khamseen
Chairman



Sheikh / Mohammed Jarrah Sabah Al-Sabah
Vice Chairman

The attached notes 1 to 17 form part of this interim condensed consolidated financial information.

Warba Insurance Company K.S.C.P. and its Subsidiary

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the period ended 31 March 2020

Equity attributable to equity holders of the Parent Company

	Share capital KD	Statutory reserve KD	General reserve KD	Voluntary reserve KD	Treasury shares KD	Treasury shares reserve KD	Cumulative changes in fair values reserve KD	Retained earnings KD	Sub total KD	Non-controlling interests KD	Total equity KD
Balance as at 1 January 2020 (audited)	17,278,874	8,781,109	4,000,000	764,895	(1,275,970)	164,760	6,441,441	1,951,903	38,107,012	(29,147)	38,077,865
Profit for the period	-	-	-	-	-	-	-	895,517	895,517	5,673	901,190
Other comprehensive loss	-	-	-	-	-	-	(2,193,441)	-	(2,193,441)	-	(2,193,441)
Total comprehensive (loss) income for the period	-	-	-	-	-	-	(2,193,441)	895,517	(1,297,924)	5,673	(1,292,251)
Balance as at 31 March 2020	17,278,874	8,781,109	4,000,000	764,895	(1,275,970)	164,760	4,248,000	2,847,420	36,809,088	(23,474)	36,785,614
Balance as at 1 January 2019 (audited)	17,278,874	8,781,109	4,000,000	764,895	(1,275,970)	164,760	5,406,671	781,524	35,901,863	11,284	35,913,147
Profit (loss) for the period	-	-	-	-	-	-	-	683,504	683,504	(26,316)	657,188
Other comprehensive income	-	-	-	-	-	-	2,033,559	-	2,033,559	-	2,033,559
Total comprehensive income (loss) for the period	-	-	-	-	-	-	2,033,559	683,504	2,717,063	(26,316)	2,690,747
Balance as at 31 March 2019	17,278,874	8,781,109	4,000,000	764,895	(1,275,970)	164,760	7,440,230	1,465,028	38,618,926	(15,032)	38,603,894

The attached notes 1 to 17 form part of this interim condensed consolidated financial information.

Warba Insurance Company K.S.C.P. and its Subsidiary

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
(UNAUDITED)

For the period ended 31 March 2020

	Notes	Three months ended 31 March	
		2020 KD	2019 KD
OPERATING ACTIVITIES			
Profit for the period before provisions for contribution to KFAS, NLST and Zakat		937,996	691,949
<i>Adjustments to reconcile profit for the period to net cash flows:</i>			
Unrealised loss (gain) of financial assets at fair value through profit or loss	3	815,498	(273,384)
(Gain) loss from sale of financial assets available for sale	3	-	96,464
Realized gain of sale of financial assets at fair value through profit or loss	3	(18,448)	-
Dividends income	3	(113,806)	(84,765)
Interest income	3	(165,508)	(92,746)
Share of results of associates		11,403	(71,327)
Depreciation of property and equipment		51,177	66,669
Allowances for impairment of doubtful and bad debts		-	153,400
Provision for employees' end of service benefits		43,280	51,220
		<u>1,561,592</u>	<u>537,480</u>
Changes in operating assets and liabilities:			
Reinsurance share in outstanding claims reserve		(9,349)	(68,689)
Insurance and reinsurance receivables		(1,305,433)	1,916,958
Other assets		(793,787)	(630,840)
Insurance contract liabilities		267,688	(698,760)
Insurance and reinsurance payables		(71,794)	(3,318,911)
Other liabilities		1,736,507	205,050
		<u>2,000,014</u>	<u>(2,057,712)</u>
Cash flows from (used in) operations		<u>(69,436)</u>	<u>(66,293)</u>
Employees' end of service benefits paid			
Net cash flows from (used in) operating activities		<u>1,315,988</u>	<u>(2,124,005)</u>
INVESTING ACTIVITIES			
Net movement in fixed deposits		83,385	526
Movement in loans secured by life insurance policies		(1,575)	2,498
Purchases of financial assets available for sale		(66,681)	-
Purchases of Financial assets at fair value through profit or loss		(1,293,671)	-
Proceed from sale of financial assets available for sale		675,976	-
Purchases of property and equipment		(9,645)	(7,823)
Dividends received		75,388	84,765
Interest income received		101,378	92,746
		<u>(435,445)</u>	<u>172,712</u>
Net cash flows (used in) from investing activities			
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		<u>880,543</u>	<u>(1,951,293)</u>
Cash and cash equivalents at beginning of the period		414,143	1,917,249
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	8	<u>1,294,686</u>	<u>(34,044)</u>

The attached notes 1 to 17 form part of this interim condensed consolidated financial information.

Warba Insurance Company K.S.C.P. and its Subsidiary

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 31 March 2020

1 INCORPORATION AND OBJECTIVES OF THE PARENT COMPANY

Warba Insurance Company K.S.C.P. (the "Parent Company") was incorporated as a Public Kuwaiti Shareholding Company in State of Kuwait in accordance with the Amiri Decree of October 24, 1976.

The objectives of the Parent Company are to underwrite life and non-life insurance risks such as fire, general accidents, marine and aviation and others; lend funds which resulted from issuance of insurance policies and to invest in permitted securities.

The address of the Parent Company's registered office is at P.O. Box 24282 Safat, 13103 - State of Kuwait.

The interim condensed consolidated financial information of the Group for the three months period ended 31 March 2020 was authorized for issuance by the Board of Directors on 8 August 2020.

The consolidated financial statements of the Group for the year ended 31 December 2019 were approved by the shareholders at the annual general assembly meeting held on 7 May 2020 (Note 12).

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

2.1 BASIS OF PREPERATION

Statement of Compliance

The interim condensed consolidated financial statements of the Group has been prepared in accordance with International Accounting Standard (IAS 34), Interim Financial Reporting.

The interim condensed consolidated financial information is presented in Kuwaiti Dinars which is the functional and reporting currency of the Parent Company.

The interim condensed consolidated financial information does not contain all information and disclosures required for full consolidated financial statements prepared in accordance with IFRS and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2019. In the opinion of management, all adjustments consisting of normal recurring accruals considered necessary for a fair presentation have been included. Operating results for the three months period ended 31 March 2020 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2020.

2.2 New standards, interpretations and amendments adopted by the Group

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2019, except for the adoption of new standards effective as of 1 January 2020. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective. The adoption of these standards did not have material impact on the financial performance or interim condensed consolidated financial position of the Group.

3 NET INVESTMENT(LOSS) INCOME

	<i>Three months ended</i>	
	<i>31 March</i>	
	<i>2020</i>	<i>2019</i>
	<i>KD</i>	<i>KD</i>
Interest income	165,508	92,746
Dividend income	113,806	84,765
Loss from sale of financial assets available for sale	-	(96,464)
Unrealized (loss) gain of financial assets at fair value through profit or loss	(815,498)	273,384
Realized gain of sale of financial assets at fair value through profit or loss	18,448	-
	(517,736)	354,431

Warba Insurance Company K.S.C.P. and its Subsidiary

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 31 March 2020

4 BASIC AND DILUTED EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit for the period attributable to equity holders of the Parent Company by the weighted average number of ordinary shares outstanding during the period (excluding treasury shares), as follows:

	<i>Three months ended</i>	
	<i>31 March</i>	
	<i>2020</i>	<i>2019</i>
	<i>KD</i>	<i>KD</i>
Profit for the period attributable to the equity holders of the Parent Company (KD)	<u>895,517</u>	<u>683,504</u>
Weighted average number of ordinary shares outstanding during the period (excluding treasury shares) (shares)	<u>162,090,569</u>	<u>162,090,569</u>
Earnings per share	<u>5.52 fils</u>	<u>4.22 fils</u>

As there are no dilutive instruments outstanding, basic and diluted earnings per share are identical.

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of authorization of the interim condensed consolidated financial information.

5 PROPERTY AND EQUIPMENT

The Group's land and building with a net carrying value of KD 2,827,501 (31 December 2019: KD 2,827,501 and 31 March 2019: KD 2,749,503) are under lien to the Ministry of Commerce and Industry.

6 FINANCIAL ASSETS AVAILABLE FOR SALE

	<i>31 March</i>	<i>(Audited)</i>	
		<i>31 March</i>	<i>31 March</i>
	<i>2020</i>	<i>31 December</i>	<i>2019</i>
	<i>KD</i>	<i>2019</i>	<i>2019</i>
		<i>KD</i>	<i>KD</i>
Quoted securities*	11,919,578	13,843,498	14,995,510
Unquoted securities	723,284	723,284	604,602
Investment in bonds**	5,676,082	5,878,541	3,415,000
	<u>18,318,944</u>	<u>20,445,323</u>	<u>19,015,112</u>

* Quoted shares with a fair value of KD 2,470,455 (31 December 2019: KD 3,476,205 and 31 March 2019: KD 3,698,775) are under lien to the Ministry of Commerce and Industry.

** Bonds carry interest rate ranging from 4% to 6.5% per annum (31 December 2019: 4.75% to 6.75% and 31 March 2019: 4.50% to 6.50%), mature in 5 to 10 years. The KD denominated bonds amounting KD 2,500,000 (31 December 2019: KD 2,500,000 and 31 March 2019: KD 3,415,000) are carried at cost less impairment since their fair values cannot be reliably determined, while the rest (USD denominated) are carried at fair value.

As at 31 March 2020, the management has performed a review of its financial assets available for sale to assess whether any impairment has occurred in their value. Accordingly, no impairment loss has been recorded in the interim condensed consolidated statement of income (31 December 2019: KD Nil and 31 March 2019: KD Nil).

7 TERM DEPOSITS

Term deposits represent deposits with banks whose original maturity period exceeds three months from date of deposit.

Term deposits include an amount of KD 5,185,415 held in State of Kuwait under lien to the Ministry of Commerce and Industry in accordance with insurance regulations of State of Kuwait (31 December 2019: KD 5,185,415 and 31 March 2019: KD 5,185,415).

The effective interest rate on term deposits was 2.875% to 3.5% per annum (31 December 2019: 2.75% to 3.5% and 31 March 2019: 2% to 3.5%).

Warba Insurance Company K.S.C.P. and its Subsidiary

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 31 March 2020

8 CASH AND CASH EQUIVALENTS

	<i>31 March</i> <i>2020</i> <i>KD</i>	<i>(Audited)</i> <i>31 December</i> <i>2019</i> <i>KD</i>	<i>31 March</i> <i>2019</i> <i>KD</i>
Cash on Hand	35,005	40,826	20,589
Cash in Portfolio	69,014	12,851	17,645
Bank Balances	1,805,257	360,466	1,612,204
	<u>1,909,276</u>	<u>414,143</u>	<u>1,650,438</u>
Less:			
Bank overdraft	(614,590)	-	(1,684,482)
Cash and cash equivalents	<u>1,294,686</u>	<u>414,143</u>	<u>(34,044)</u>

The effective interest rate on unsecured overdraft facilities from a local bank was 3.75% per annum (31st December 2019: 4% and 31st March 2019: 4%).

9 SHARE CAPITAL

The authorised, issued and paid-up capital consists of 172,788,740 shares (31 December 2019: 172,788,740 shares and 31 March 2019: 172,788,740 shares) of 100 fils each, fully paid in cash.

10 TREASURY SHARES

	<i>31 March</i> <i>2020</i>	<i>(Audited)</i> <i>31 December</i> <i>2019</i>	<i>31 March</i> <i>2019</i>
Number of shares	10,698,171	10,698,171	10,698,171
Percentage to issued shares (%)	6.19	6.19	6.19
Market value (KD)	759,570	663,287	647,239
Cost (KD)	1,275,970	1,275,970	1,275,970

Reserves equivalent to the cost of treasury shares held are not available for distribution.

The weighted average market price of the Parent Company's shares for the period ended 31 March 2020 was 71 fils per share (31 December 2019: 62 fils per share and 31 March 2019: 60.5 fils per share).

11 INSURANCE CONTRACT LIABILITIES

	<i>31 March</i> <i>2020</i> <i>KD</i>	<i>(Audited)</i> <i>31 December</i> <i>2019</i> <i>KD</i>	<i>31 March</i> <i>2019</i> <i>KD</i>
Reserve for outstanding claims	58,746,398	58,634,610	44,959,537
Reserve for unexpired risk	4,532,809	4,396,188	4,365,783
Reserve for life mathematical	1,940,547	1,945,411	1,861,402
Unearned Reinsurance Commission	333,064	308,921	317,289
	<u>65,552,818</u>	<u>65,285,130</u>	<u>51,504,011</u>

12 ANNUAL GENERAL ASSEMBLY

The General Assembly meeting of the shareholders of the Parent Company held on 7 May 2020 approved the consolidated financial statements for the year ended 31 December 2019 and directors' proposal to distribute 7.5% of the share value 7.5 fils in cash dividends and 2.5% of bonus shares (31 December 2018: Nil).

Warba Insurance Company K.S.C.P. and its Subsidiary

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 31 March 2020

13 SEGMENT INFORMATION

The Group operates in three segments: “general risk insurance”, “life and medical insurance” and “investment”. Within general risk insurance are “Marine and Aviation”, “Fire and General accidents” and “Motor”.

The Executive Management Committee monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with interim condensed consolidated statement of income.

The following are the details of these segments:

	General risk insurance			Total general risk insurance KD	Life and medical insurance KD	Investment KD	Unallocated KD	Total KD
	General		Motor					
	Marine & aviation KD	accidents and fire KD	KD					
31 March 2020								
Segment revenue	86,915	975,220	1,386,260	2,448,395	2,927,067	(448,077)	202,779	5,130,163
Segment results	20,921	881,487	(9,691)	892,717	752,451	(470,631)	(236,541)	937,996
Assets				80,263,009	6,538,308	33,604,087	-	120,405,404
Liabilities				78,155,408	5,464,382	-	-	83,619,790
31 December 2019 (Audited)								
Assets				78,675,248	4,543,160	35,921,604	-	119,140,012
Liabilities				68,255,816	12,806,331	-	-	81,062,147

Warba Insurance Company K.S.C.P. and its Subsidiary

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 31 March 2020

13 SEGMENT INFORMATION (continued)

	General risk insurance			Investment	Unallocated	Total
	General risk insurance		Life and medical insurance			
	Marine & aviation	General accidents and Fire				
<i>31 March 2019</i>	KD	KD	KD	KD	KD	KD
Segment revenue	134,852	1,153,931	2,558,471	425,758	146,193	5,360,615
Segment results	252,512	569,609	744,807	433,629	(583,525)	657,188
Assets			64,752,880	33,534,690		108,673,323
Liabilities			60,980,333	-		70,069,429

Warba Insurance Company K.S.C.P. and its Subsidiary

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 31 March 2020

14 RELATED PARTY DISCLOSURES

The Group has entered into various transactions with related parties, i.e. shareholders, Board of directors, key management personnel, associates and other related parties in the normal course of its business concerning financing and other related services. Prices and terms of payment are approved by the Group's management. Significant related party transactions and balances are as follows:

Balances included in the interim condensed consolidated statement of financial position:

	<i>31 March</i>	<i>(Audited)</i> <i>31 December</i>	<i>31 March</i>
	<i>2020</i>	<i>2019</i>	<i>2019</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>
Insurance activities			
Insurance services receivable	2,652,833	4,637,128	5,788,713
Insurance Service payable	497,248	462,712	540,379
Investment Activities			
Financial assets at fair value through profit or loss	6,757,869	6,546,532	6,007,436
Financial assets available for sale	7,067,054	9,511,572	10,416,229
Deposits and bank balances	7,641,665	6,406,511	7,466,271

Transactions included in the interim condensed consolidated statement of income:

	<i>Three months ended</i>	
	<i>31 March</i>	
	<i>2020</i>	<i>2019</i>
	<i>KD</i>	<i>KD</i>
Premiums written	858,645	823,079
Dividend income	75,388	48,618

Compensation to key management personnel:

	<i>Three months ended</i>	
	<i>31 March</i>	
	<i>2020</i>	<i>2019</i>
	<i>KD</i>	<i>KD</i>
Short term employees' benefits	225,702	216,490
Employees' end of service benefit	9,213	9,271
	234,915	225,761

15 CAPITAL COMMITMENTS AND CONTINGENCIES

	<i>31 March</i>	<i>(Audited)</i> <i>31 December</i>	<i>31 March</i>
	<i>2020</i>	<i>2019</i>	<i>2019</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>
Letters of guarantee	1,207,474	796,794	63,397
Capital commitments	6,480	6,480	58,064

Warba Insurance Company K.S.C.P. and its Subsidiary

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 31 March 2020

16 FAIR VALUE OF FINANCIAL INSTRUMENTS

Financial instruments comprise of financial assets and financial liabilities.

Financial assets consist of financial assets available for sale, financial assets at fair value through profit or loss, accounts receivable, term deposits and bank balances. Financial liabilities consist of borrowing and credit balances.

The fair values of financial instruments, with the exception of certain financial assets available for sale carried at cost amounting to KD 2,500,000 (31 December 2019: KD 2,500,000 and 31 March 2019: KD 3,415,000 (Note 6)), are not materially different from their carrying values.

The Group uses the following hierarchy for determining and disclosing the fair values of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in an active market for identical assets and liabilities;

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly;

Level 3: other techniques which use inputs which have a significant effect on the recorded fair value are not based on observable market data.

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy:

	<i>Quoted prices in active markets (Level 1) KD</i>	<i>Significant observable inputs (Level 2) KD</i>	<i>Significant unobservable inputs (Level 3) KD</i>	<i>Total fair Value KD</i>
31 March 2020				
Financial assets at fair value through profit or loss	7,731,831	-	-	7,731,831
Financial assets available for sale	11,919,578	3,176,082	723,284	15,818,944
Total	19,651,409	3,176,082	723,284	23,550,775
	<i>Quoted prices in active markets (Level 1) KD</i>	<i>Significant observable inputs (Level 2) KD</i>	<i>Significant unobservable inputs (Level 3) KD</i>	<i>Total fair Value KD</i>
31 December 2019				
Financial assets at fair value through profit or loss	7,911,186	-	-	7,911,186
Financial assets available for sale	13,843,498	3,378,541	723,284	17,945,323
Total	21,754,684	3,378,541	723,284	25,856,509

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 31 March 2020

16 FAIR VALUE MEASUREMENT (continued)

31 March 2019	<i>Quoted prices in active markets (Level 1)</i> KD	<i>Significant observable inputs (Level 2)</i> KD	<i>Significant unobservable inputs (Level 3)</i> KD	<i>Total fair Value</i> KD
Financial assets at fair value though profit or loss	7,178,146	-	-	7,178,146
Financial assets available for sale	14,995,510	-	604,602	15,600,112
Total	22,173,656	-	604,602	22,778,258

Description of significant unobservable inputs to valuation performed at the reporting date is as follows:

	<i>Valuation Technique</i>	<i>Significant unobservable inputs</i>	<i>Range</i>	<i>Sensitivity of the input to fair value</i>
Unquoted securities	Price to book value	Discount for lack of marketability & lack of Control	10%	An increase (decrease) by 10% in the Discount for lack of marketability & lack of control would result in increase (decrease) in fair value by KD 72 thousands.
	Price to book value	Price to book multiple "Represents amounts used when the Group has determined that market participants would use such multiples when pricing the investments"	10%	An increase (decrease) by 10% in the price to book multiple would result in increase (decrease) in fair value by KD 66 thousands.

During the period ended 31 March 2020, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

Warba Insurance Company K.S.C.P. and its Subsidiary

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 31 March 2020

16 FAIR VALUE MEASUREMENT (continued)

The following table shows a reconciliation of the opening and closing amount of level 3 financial assets which are recorded at fair value.

	<i>At the beginning of the period/ year KD</i>	<i>Net fair value recorded in the interim condensed consolidated statement of comprehensive income KD</i>	<i>Net result recorded in the interim condensed consolidated statement of income KD</i>	<i>Net purchases, transfer, sales and settlements KD</i>	<i>At the end of the period/ year KD</i>
31 March 2020					
<i>Financial assets available for sale</i>	723,284	-	-	-	723,284
	<u>723,284</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>723,284</u>
31 December 2019 (Audited)					
<i>Financial assets available for sale</i>	604,602	118,682	-	-	723,284
	<u>604,602</u>	<u>118,682</u>	<u>-</u>	<u>-</u>	<u>723,284</u>
31 March 2019					
<i>Financial assets available for sale</i>	604,602	-	-	-	604,602
	<u>604,602</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>604,602</u>

17 SUBSEQUENT EVENT

During the period ended 31 March 2020 and subsequent to the reporting date, the coronavirus (COVID-19) outbreak has resulted in significant drop in demand for services and service disruptions. There is also high volatility in the financial markets worldwide. The existing and anticipated effects of the outbreak of COVID-19 on the global economy and financial markets is expected to continue to evolve. The scale and duration of these developments remain uncertain at this stage but could negatively impact the Group's financial performance, cash flows and financial position. Given the ongoing economic uncertainty, a reliable estimate of the impact cannot be made at the date of authorisation of these interim condensed consolidated financial statements.