

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

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

**30 SEPTEMBER 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 30 Septemebr 2020, and the related interim condensed consolidated statement of income, and interim condensed consolidated statement of comprehensive income for the three months and nine months periods then ended and the related interim condensed consolidated statement of changes in equity and interim condensed consolidated statement of cash flows for the nine 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 nine months period ended 30 September 2020 that might have had a material effect on the business of the Parent Company or on its financial position.

We further report that, during the course of our review, to the best of our knowledge and belief, we have not become aware of any violations of the provisions of Law No 7 of 2010 concerning the Capital Markets Authority and its related regulations during the nine months period ended 30 Septemebr 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

11 November 2020  
Kuwait

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

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF INCOME (UNAUDITED)

For the period ended 30 September 2020

	Notes	Three months ended 30 September		Nine months ended 30 September	
		2020 KD	2019 KD	2020 KD	2019 KD
<b>REVENUES:</b>					
Gross premiums written		5,923,655	5,091,458	21,555,101	20,079,617
Premium ceded to reinsurers		(2,448,758)	(2,376,171)	(9,854,692)	(8,921,343)
<b>Net premiums written</b>		<b>3,474,897</b>	2,715,287	<b>11,700,409</b>	11,158,274
Movement in unearned premium reserve		(232,083)	442,170	(199,014)	(234,440)
Movement in life mathematical reserve		18,147	(115,351)	101,416	(16,374)
<b>Net premiums earned</b>		<b>3,260,961</b>	3,042,106	<b>11,602,811</b>	10,907,460
Commissions income on ceded reinsurance		352,288	264,937	1,040,393	893,499
Policy issuance fees		34,000	35,383	88,475	132,463
<b>Total revenues</b>		<b>3,647,249</b>	3,342,426	<b>12,731,679</b>	11,933,422
<b>EXPENSES:</b>					
Net claims incurred		(1,940,266)	(2,389,284)	(6,341,929)	(6,936,004)
Commissions and premiums' acquisition costs		(511,220)	(363,854)	(1,542,419)	(1,306,373)
General and administrative expenses		(1,019,426)	(878,012)	(3,614,895)	(3,603,573)
<b>Total expenses</b>		<b>(3,470,912)</b>	(3,631,150)	<b>(11,499,243)</b>	(11,845,950)
<b>NET UNDERWRITING INCOME (LOSS)</b>		<b>176,337</b>	(288,724)	<b>1,232,436</b>	87,472
Net investment income	3	416,426	159,064	885,536	1,354,814
Share of results of associates		52,144	17,162	131,777	168,245
Other insurance services income		120,049	112,039	412,310	372,492
Foreign currency exchange difference		(205,615)	81,740	(211,570)	95,606
Other income		25,596	26,334	19,376	87,227
		<b>584,937</b>	107,615	<b>2,469,865</b>	2,165,856
<b>OTHER EXPENSES:</b>					
Other insurance services expense		(169,050)	(168,195)	(443,669)	(561,992)
Allowance for impairment of doubtful and bad debts		-	(7,911)	(500,000)	(516,243)
		<b>(169,050)</b>	(176,106)	<b>(943,669)</b>	(1,078,235)
<b>Profit (loss) before provisions for contribution to Kuwait Foundation for the Advancement of Science (KFAS), National Labor Support Tax (NLST) and Zakat</b>		<b>415,887</b>	(68,491)	<b>1,526,196</b>	1,087,621
Contribution to KFAS		(2,619)	762	(12,756)	(10,196)
NLST		(4,807)	(292)	(31,222)	(27,701)
Zakat		(2,575)	728	(12,541)	(9,180)
<b>PROFIT (LOSS) FOR THE PERIOD</b>		<b>405,886</b>	(67,293)	<b>1,469,677</b>	1,040,544
<b>Attributable to:</b>					
Equity holders of the Parent Company		411,084	(56,396)	1,452,478	1,073,074
Non-controlling interest		(5,198)	(10,897)	17,199	(32,530)
		<b>405,886</b>	(67,293)	<b>1,469,677</b>	1,040,544
<b>BASIC AND DILUTED EARNINGS PER SHARE ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE PARENT COMPANY</b>					
	4	<b>2.47 Fils</b>	(0.34) Fils	<b>8.74 Fils</b>	6.46 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 30 September 2020

	Note	Three months ended 30 September		Nine months ended 30 September	
		2020 KD	2019 KD	2020 KD	2019 KD
<b>Profit (loss) for the period</b>		<b>405,886</b>	(67,293)	<b>1,469,677</b>	1,040,544
<b>Other comprehensive income (Loss):</b>					
<i>Items that are or may be reclassified to the interim condensed consolidated statement of income in subsequent periods:</i>					
- Net unrealized gain (loss) of financial assets available for sale		<b>594,477</b>	(118,339)	<b>(2,929,326)</b>	821,441
- Impairment loss of financial assets available for sale	3	-	-	<b>95,876</b>	-
- Share of other comprehensive gain (loss) of associates		<b>6,600</b>	(651)	<b>875</b>	(749)
<b>Other comprehensive income (loss) for the period</b>		<b>601,077</b>	(118,990)	<b>(2,832,575)</b>	820,692
<b>Total comprehensive income (loss) for the period</b>		<b>1,006,963</b>	(186,283)	<b>(1,362,898)</b>	1,861,236
<b>Attributable to:</b>					
Equity holders of the Parent Company		<b>1,012,161</b>	(175,386)	<b>(1,380,097)</b>	1,893,766
Non-controlling interests		<b>(5,198)</b>	(10,897)	<b>17,199</b>	(32,530)
		<b>1,006,963</b>	(186,283)	<b>(1,362,898)</b>	1,861,236

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 30 September 2020

		30 September 2020	(Audited) 31 December 2019	30 September 2019
	Notes	KD	KD	KD
<b>ASSETS</b>				
Property and equipment	5	7,332,868	7,302,192	7,330,520
Investment in associates		7,697,744	7,565,095	7,437,601
Loan secured by life insurance policies		22,641	26,491	28,955
Financial assets available for sale	6	17,549,339	20,445,323	18,718,753
Financial assets at fair value through profit or loss		8,084,737	7,911,186	7,257,449
Reinsurance share in outstanding claims reserve		47,205,380	49,202,692	49,394,010
Insurance and reinsurance receivables		14,130,304	13,503,821	16,676,640
Other assets		6,698,131	6,097,469	5,233,109
Term deposits	7	6,588,215	6,671,600	6,673,579
Bank balances and cash	8	3,184,679	414,143	1,108,027
<b>TOTAL ASSETS</b>		<b>118,494,038</b>	<b>119,140,012</b>	<b>119,858,643</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Share capital	9	17,710,846	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		3,608,866	6,441,441	6,227,363
Retained earnings		1,756,730	1,951,903	1,854,598
<b>Equity attributable to equity holders of the Parent Company</b>		<b>35,511,236</b>	<b>38,107,012</b>	<b>37,795,629</b>
Non-controlling interests		(11,948)	(29,147)	(21,246)
<b>Total equity</b>		<b>35,499,288</b>	<b>38,077,865</b>	<b>37,774,383</b>
<b>Liabilities</b>				
Insurance contract liabilities	11	64,043,528	65,285,130	65,322,479
Insurance and reinsurance payables		9,165,539	9,177,949	11,033,097
Other liabilities		9,785,683	6,599,068	5,728,684
<b>Total liabilities</b>		<b>82,994,750</b>	<b>81,062,147</b>	<b>82,084,260</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>118,494,038</b>	<b>119,140,012</b>	<b>119,858,643</b>

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 30 September 2020

	<i>Equity attributable to equity holders of the Parent Company</i>										<i>Non-controlling interests</i> KD	<i>Total equity</i> KD
	<i>Share capital</i> KD	<i>Statutory reserve</i> KD	<i>General reserve</i> KD	<i>Voluntary reserve</i> KD	<i>Treasury shares</i> KD	<i>Treasury shares reserve</i> KD	<i>Cumulative changes in fair values</i> KD	<i>Retained earnings</i> KD	<i>Sub total</i> KD			
Balance as at 1 January 2020 <i>(audited)</i>	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	-	-	-	-	-	-	-	1,452,478	1,452,478	17,199	1,469,677	
Other comprehensive loss	-	-	-	-	-	-	(2,832,575)	-	(2,832,575)	-	(2,832,575)	
Total comprehensive (loss) income for the period	-	-	-	-	-	-	(2,832,575)	1,452,478	(1,380,097)	17,199	(1,362,898)	
Bonus shares (Note 12)	431,972	-	-	-	-	-	-	(431,972)	-	-	-	
Cash dividends (Note 12)	-	-	-	-	-	-	-	(1,215,679)	(1,215,679)	-	(1,215,679)	
<b>Balance as at 30 September 2020</b>	<b>17,710,846</b>	<b>8,781,109</b>	<b>4,000,000</b>	<b>764,895</b>	<b>(1,275,970)</b>	<b>164,760</b>	<b>3,608,866</b>	<b>1,756,730</b>	<b>35,511,236</b>	<b>(11,948)</b>	<b>35,499,288</b>	
Balance as at 1 January 2019 <i>(audited)</i>	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	-	-	-	-	-	-	-	1,073,074	1,073,074	(32,530)	1,040,544	
Other comprehensive income	-	-	-	-	-	-	820,692	-	820,692	-	820,692	
Total comprehensive income (loss) for the period	-	-	-	-	-	-	820,692	1,073,074	1,893,766	(32,530)	1,861,236	
Balance as at 30 September 2019	17,278,874	8,781,109	4,000,000	764,895	(1,275,970)	164,760	6,227,363	1,854,598	37,795,629	(21,246)	37,774,383	

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 period ended 30 September 2020

	Notes	Nine months ended 30 September	
		2020 KD	2019 KD
<b>OPERATING ACTIVITIES</b>			
Profit for the period before contribution to KFAS, NLST and Zakat		<b>1,526,196</b>	1,087,621
<i>Adjustments to reconcile profit for the period to net cash flows:</i>			
Unrealized loss (gain) of financial assets at fair value through profit or loss	3	<b>308,882</b>	(352,687)
Realized gain from sale of financial assets at fair value through profit or loss	3	<b>(17,981)</b>	-
Impairment loss of financial assets available for sale	3	<b>95,876</b>	-
Loss from sale of financial assets available for sale	3	-	96,464
Dividend income	3	<b>(876,667)</b>	(800,211)
Interest income	3	<b>(395,646)</b>	(298,380)
Share of results of associates		<b>(131,777)</b>	(168,245)
Depreciation of property and equipment		<b>156,928</b>	142,573
Allowance for impairment of doubtful and bad debts		<b>500,000</b>	500,000
Provision for employees' end of service benefits		<b>(33,342)</b>	175,700
Foreign currency exchange differences		<b>75,189</b>	-
		<b>1,207,658</b>	382,835
Changes in operating assets and liabilities:			
Reinsurance share in outstanding claims reserve		<b>1,997,312</b>	(15,247,854)
Insurance and reinsurance receivables		<b>(1,126,483)</b>	4,489,948
Other assets		<b>(198,640)</b>	(175,302)
Insurance contract liabilities		<b>(1,241,602)</b>	13,119,708
Insurance and reinsurance payables		<b>(12,410)</b>	(3,411,037)
Other liabilities		<b>817,487</b>	210,247
Cash flows generated from (used in) operations		<b>1,443,322</b>	(631,455)
Employees' end of service benefits paid		<b>(82,116)</b>	(179,109)
Net cash flows generated from (used in) operating activities		<b>1,361,206</b>	(810,564)
<b>INVESTING ACTIVITIES</b>			
Net movement in term deposits		<b>83,385</b>	1,478
Movement in loans secured by life insurance policies		<b>3,851</b>	(6,303)
Purchase of financial assets at fair value through profit or loss		<b>(289,098)</b>	(918,756)
Proceed from sale of financial assets at fair value through profit or loss		<b>2,012,207</b>	37,741
Purchases of property and equipment		<b>(187,604)</b>	(93,606)
Dividends received		<b>583,492</b>	800,211
Interest income received		<b>286,799</b>	180,577
Net cash flows generated from investing activities		<b>2,493,032</b>	1,342
<b>FINANCING ACTIVITY</b>			
Cash dividends		<b>(1,083,702)</b>	-
Net cash flows used in financing activity		<b>(1,083,702)</b>	-
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>			
Cash and cash equivalents at beginning of the period		<b>414,143</b>	1,917,249
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>	8	<b>3,184,679</b>	1,108,027

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 period ended 30 September 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 nine months’ period ended 30 September 2020 were authorized for issuance by the Board of Directors on 11 November 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 SIGNIFICANT ACCOUNTING POLICIES

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

The interim condensed consolidated financial information is presented in Kuwaiti Dinars (KD) 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 nine months’ period ended 30 September 2020 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2020.

#### 2.1 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.

##### **Amendments to IFRS 3: Definition of a Business**

The amendment to IFRS 3 clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. Furthermore, it clarified that a business can exist without including all of the inputs and processes needed to create outputs. These amendments had no impact on the interim condensed consolidated financial information of the Group but may impact in the future periods should the Group enter into any business combinations.

##### **Amendments to IFRS 7, IFRS 9 and IAS 39: Interest Rate Benchmark Reform:**

The amendments to IFRS 9 and IAS 39 Financial Instruments: Recognition and Measurement provide a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainties about the timing and or amount of benchmark-based cash flows of the hedged item or the hedging instrument. These amendments had no impact on the interim condensed consolidated financial information of the Group as it does not have any interest rate hedge relationships.



NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL  
INFORMATION (UNAUDITED)

As at and for period ended 30 September 2020

**2 SIGNIFICANT ACCOUNTING POLICIES (continued)**

**2.1 NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS ADOPTED BY THE GROUP  
(continued)**

**Amendments to IAS 1 and IAS 8: Definition of Material:**

The amendments provide a new definition of material that states, “information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.”

The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements.

A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. These amendments had no impact on the interim condensed consolidated financial information of the Group, nor is there expected to be any future impact to the Group.

**Conceptual Framework for Financial Reporting issued on 29 March 2018**

The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The purpose of the Conceptual Framework is to assist the IASB in developing standards, to help preparers develop consistent accounting policies where there is no applicable standard in place and to assist all parties to understand and interpret the standards.

The revised Conceptual Framework includes some new concepts, provides updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts. These amendments had no impact on the interim condensed consolidated financial information of the Group.

**2.2 STANDARDS ISSUED BUT NOT YET EFFECTIVE**

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group’s interim condensed consolidated financial information are listed below. The Group intends to adopt these standards when they become effective.

***IFRS 17 Insurance Contracts***

In May 2017, the IASB issued IFRS 17 *Insurance Contracts* (IFRS 17), a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 *Insurance Contracts* (IFRS 4) that was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects.

The core of IFRS 17 is the general model, supplemented by:

- ▶ A specific adaptation for contracts with direct participation features (the variable fee approach).
- ▶ A simplified approach (the premium allocation approach) mainly for short-duration contracts.

IFRS 17 is effective for reporting periods beginning on or after 1 January 2023, with comparative figures required. Early application is permitted, provided the entity also applies IFRS 9 on or before the date it first applies IFRS 17. The Group will apply these amendments when they become effective.

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

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for period ended 30 September 2020

#### 3 NET INVESTMENT INCOME

	<i>Three months ended</i>		<i>Nine months ended</i>	
	<i>30 September</i>		<i>30 September</i>	
	<i>2020</i>	<i>2019</i>	<i>2020</i>	<i>2019</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>
Interest income	<b>127,479</b>	108,653	<b>395,646</b>	298,380
Dividend income	<b>187,348</b>	54,066	<b>876,667</b>	800,211
Loss from sale of financial assets available for sale	-	-	-	(96,464)
Unrealized gain (loss) of financial assets at fair value through profit or loss	<b>101,599</b>	(3,655)	<b>(308,882)</b>	352,687
Realized gain from fair value through profit or loss investments	-	-	<b>17,981</b>	-
Impairment loss of financial assets available for sale (Note 6)	-	-	<b>(95,876)</b>	-
	<b>416,426</b>	159,064	<b>885,536</b>	1,354,814

#### 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>Nine months ended</i>	
	<i>30 September</i>		<i>30 September</i>	
	<i>2020</i>	<i>2019</i>	<i>2020</i>	<i>2019</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>
Profit (loss) for the period attributable to the equity holders of the Parent Company (KD)	<b>411,084</b>	(56,396)	<b>1,452,478</b>	1,073,074
Weighted average number of ordinary shares outstanding during the period (excluding treasury shares) (shares)	<b>166,142,835</b>	166,142,835	<b>166,142,835</b>	166,142,835
Earnings per share	<b>2.47 Fils</b>	(0.34) Fils	<b>8.74 Fils</b>	6.46 Fils

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

Earnings per share calculation for the period ended 30 September 2019 have been adjusted to take account of the bonus share issued in 2020.

#### 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 30 September 2019 KD: 2,749,503) are under lien to the Ministry of Commerce and Industry.

#### 6 FINANCIAL ASSETS AVAILABLE FOR SALE

	<i>(Audited)</i>		<i>30 September</i>
	<i>30 September</i>	<i>31 December</i>	
	<i>2020</i>	<i>2019</i>	<i>2019</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>
Quoted securities*	<b>10,931,243</b>	13,843,498	13,783,395
Unquoted securities	<b>781,018</b>	723,284	604,602
Investment in bonds**	<b>5,837,078</b>	5,878,541	4,330,756
	<b>17,549,339</b>	20,445,323	18,718,753

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

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for period ended 30 September 2020

### 6 FINANCIAL ASSETS AVAILABLE FOR SALE (continued)

\* Quoted shares with a fair value of KD 2,487,150 (31 December 2019: KD 3,476,205 and 30 September 2019: KD 3,315,915) 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 30 September 2019: 4.75% to 7%), mature in 5 to 10 years. The KD denominated bonds amounting KD 2,500,000 (31 December 2019: KD 2,500,000 and 30 September 2019: KD 2,500,000) 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 30 September 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, an impairment loss of KD 95,876 has been recorded in the interim condensed consolidated statement of income (31 December 2019: KD Nil and 30 September 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 30 September 2019: KD 5,185,415).

The effective interest rate on term deposits was 2% to 3.5% per annum (31 December 2019: 2.75% to 3.5% and 30 September 2019: 2.6% to 3.5%).

### 8 CASH AND CASH EQUIVALENTS

	<i>30 September 2020</i>	<i>(Audited) 31 December 2019</i>	<i>30 September 2019</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>
Cash on Hand	<b>19,295</b>	40,826	23,572
Cash in Portfolio	<b>1,132,303</b>	12,851	12,883
Bank Balances	<b>2,033,081</b>	360,466	1,071,572
Cash and cash equivalents	<b><u>3,184,679</u></b>	<u>414,143</u>	<u>1,108,027</u>

### 9 SHARE CAPITAL

The authorized, issued and paid-up capital consists of 177,108,460 shares (31 December 2019: 172,788,740 shares and 30 September 2019: 172,788,740 shares) of 100 fils each, fully paid in cash (Note 12).

### 10 TREASURY SHARES

	<i>30 September 2020</i>	<i>(Audited) 31 December 2019</i>	<i>30 September 2019</i>
Number of shares	<b>10,965,625</b>	10,698,171	10,698,171
Percentage to issued shares (%)	<b>6.19</b>	6.19	6.19
Market value (KD)	<b>800,491</b>	663,287	663,287
Cost (KD)	<b>1,275,970</b>	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 30 September 2020 was 73 fils per share (31 December 2019: 62 fils per share and 30 September 2019: 62 fils per share).

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

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for period ended 30 September 2020

#### 11 INSURANCE CONTRACT LIABILITIES

	<i>30 September 2020 KD</i>	<i>(Audited) 31 December 2019 KD</i>	<i>30 September 2019 KD</i>
Reserve for outstanding claims	<b>57,227,424</b>	58,634,610	58,806,350
Reserve for unearned premiums	<b>4,595,202</b>	4,396,188	4,369,440
Reserve for life mathematical	<b>1,843,995</b>	1,945,411	1,839,370
Unearned Reinsurance Commission	<b>376,907</b>	308,921	307,319
	<b><u>64,043,528</u></b>	<u>65,285,130</u>	<u>65,322,479</u>

#### 12 ANNUAL GENERAL ASSEMBLY (AGM)

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 2019: Nil and 30 September 2019: Nil).

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

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for period ended 30 September 2020

13 SEGMENT INFORMATION

The Group operates in nine 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:

	<i>General risk insurance</i>			<i>Total general risk insurance</i>	<i>Life and medical insurance</i>	<i>Investment</i>	<i>Unallocated</i>	<i>Total</i>
	<i>Marine &amp; aviation</i>	<i>General accidents and fire</i>	<i>Motor</i>					
<i>30 September 2020</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>
Segment revenue	376,572	1,936,787	4,138,436	6,451,795	6,279,882	1,017,313	57,506	13,806,496
Segment results	149,507	1,122,216	683,964	1,955,687	(461,524)	950,613	(975,099)	1,469,677
				<i>Total general risk insurance</i>	<i>Life and medical insurance</i>	<i>Investment</i>		<i>Total</i>
				<i>KD</i>	<i>KD</i>	<i>KD</i>		<i>KD</i>
Assets				80,429,030	4,733,188	33,331,820		118,494,038
Liabilities				78,562,040	4,432,710	-		82,994,750
				<i>Total general risk insurance</i>	<i>Life and medical insurance</i>	<i>Investment</i>		<i>Total</i>
<i>31 December 2019 (Audited)</i>				<i>KD</i>	<i>KD</i>	<i>KD</i>		<i>KD</i>
Assets				77,587,131	5,631,277	35,921,604		119,140,012
Liabilities				75,391,662	5,670,485	-		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 period ended 30 September 2020

13 SEGMENT INFORMATION (continued)

	<u>General risk insurance</u>			<i>Total general risk insurance</i>	<i>Life and medical insurance</i>	<i>Investment</i>	<i>Unallocated</i>	<i>Total</i>
	<i>Marine &amp; aviation KD</i>	<i>General accidents and fire KD</i>	<i>Motor KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>
<i>30 September 2019</i>								
Segment revenue	<u>491,219</u>	<u>2,011,229</u>	<u>3,918,534</u>	<u>6,420,982</u>	<u>5,512,440</u>	<u>1,523,059</u>	<u>547,666</u>	<u>14,004,147</u>
Segment results	<u>550,913</u>	<u>1,824,880</u>	<u>668,624</u>	<u>3,044,417</u>	<u>646,629</u>	<u>1,463,605</u>	<u>(4,114,107)</u>	<u>1,040,544</u>
				<i>Total general risk insurance KD</i>	<i>Life and medical insurance KD</i>	<i>Investment KD</i>		<i>Total KD</i>
Assets				<u>75,745,365</u>	<u>10,699,475</u>	<u>33,413,803</u>		<u>119,858,643</u>
Liabilities				<u>67,568,874</u>	<u>14,515,386</u>	<u>-</u>		<u>82,084,260</u>

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

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for period ended 30 September 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>(Audited)</i>		
	<i>30 September</i>	<i>31 December</i>	<i>30 September</i>
	<i>2020</i>	<i>2019</i>	<i>2019</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>
<b>Insurance activities</b>			
Insurance services receivable	<b>4,962,204</b>	4,637,128	4,777,599
Insurance Service payable	<b>724,218</b>	462,712	366,351
<b>Investment activities</b>			
Financial assets at fair value through profit or loss	<b>6,860,921</b>	6,546,532	6,039,250
Financial assets available for sale	<b>7,033,366</b>	9,511,572	9,216,899
Deposits and bank balances	<b>8,424,384</b>	6,406,511	7,094,285

Transactions included in the interim condensed consolidated statement of income:

	<i>Three months ended</i>		<i>Nine months ended</i>	
	<i>30 September</i>		<i>30 September</i>	
	<i>2020</i>	<i>2019</i>	<i>2020</i>	<i>2019</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>
Unrealized gain (loss) of financial assets available for sale	<b>332,910</b>	126,823	<b>(2,528,535)</b>	541,437
Impairment loss of financial assets available for sale	-	-	<b>64,959</b>	-
Premiums written	<b>177,863</b>	191,449	<b>1,308,994</b>	1,277,392
Dividend income	<b>81,108</b>	48,681	<b>496,037</b>	530,984

Compensation to key management personnel:

	<i>Three months ended</i>		<i>Nine months ended</i>	
	<i>30 September</i>		<i>30 September</i>	
	<i>2020</i>	<i>2019</i>	<i>2020</i>	<i>2019</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>
Short term employees' benefits	<b>185,586</b>	190,717	<b>692,098</b>	516,678
Employees' end of service benefit	<b>9,482</b>	9,476	<b>27,909</b>	28,121
	<b>195,068</b>	200,193	<b>720,007</b>	544,799

### 15 CAPITAL COMMITMENTS AND CONTINGENCIES

	<i>(Audited)</i>		
	<i>30 September</i>	<i>31 December</i>	<i>30 September</i>
	<i>2020</i>	<i>2019</i>	<i>2019</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>
Letters of guarantee	<b>236,394</b>	796,794	38,016
Capital commitments	<b>6,480</b>	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 period ended 30 September 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 30 September 2019: KD 4,330,756) (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>
<b>As at 30 September 2020</b>				
Financial assets at fair value through profit or loss	7,921,149	163,588	-	8,084,737
Financial assets available for sale	10,931,243	3,337,078	781,018	15,049,339
<b>Total</b>	<b>18,852,392</b>	<b>3,500,666</b>	<b>781,018</b>	<b>23,134,076</b>
	<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>
<b>As at 31 December 2019 (Audited)</b>				
Financial assets at fair value through profit or loss	7,715,970	195,216	-	7,911,186
Financial assets available for sale	13,843,498	3,378,541	723,284	17,945,323
<b>Total</b>	<b>21,559,468</b>	<b>3,573,757</b>	<b>723,284</b>	<b>25,856,509</b>



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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for period ended 30 September 2020

16 FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

	<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
As at 30 September 2019				
Financial assets at fair value through profit or loss	7,257,449	-	-	7,257,449
Financial assets available for sale	13,783,395	-	604,602	14,387,997
Total	<u>21,040,844</u>	<u>-</u>	<u>604,602</u>	<u>21,645,446</u>

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 104 thousands.
	Price to book value	Price to book multiple	10%	An increase (decrease) by 10% in the price to book multiple would result in increase (decrease) in fair value by KD 78 thousands.

During the period ended 30 September 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.

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</i> KD	<i>Net fair value recorded in the interim condensed consolidated statement of comprehensive income</i> KD	<i>Net result recorded in the interim condensed consolidated statement of income</i> KD	<i>At the end of the period /year</i> KD
<b>As at 30 September 2020</b>				
<i>Financial assets available for sale</i>	723,283	153,611	(95,876)	781,018
	<u>723,283</u>	<u>153,611</u>	<u>(95,876)</u>	<u>781,018</u>

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for period ended 30 September 2020

**16 FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)**

As at 31 December 2019 (Audited)	<i>At the beginning of the period/year</i>	<i>Net fair value recorded in the interim condensed consolidated statement of comprehensive income</i>	<i>Net result recorded in the interim condensed consolidated statement of income</i>	<i>At the end of the period /year</i>
<i>Financial assets available for sale</i>	604,602	118,682	-	723,284
	<u>604,602</u>	<u>118,682</u>	<u>-</u>	<u>723,284</u>
 As at 30 September 2019				
<i>Financial assets available for sale</i>	604,602	-	-	604,602
	<u>604,602</u>	<u>-</u>	<u>-</u>	<u>604,602</u>

**17 COVID-19**

The existence of novel corona virus was confirmed in early 2020 and has spread globally, causing disruptions to businesses and economic activity. In light of the rapid spread of COVID-19 across the globe, various economies and sectors have faced significant disruptions and uncertainty as a result of measures taken by governments to contain or delay the spread of the virus. As of to date, the actual scope of the impact is very difficult to measure.

*Recoverability of receivables*

The COVID-19 outbreak led to an increase in the credit risk of companies within the economy as a result of operational disruption.

Based on management's, the Group has not identified a material impact to the recoverability of receivables for the period ended 30 September 2020.

*Fair value measurement of financial instruments*

COVID-19 outbreak led to significant market turmoil and price volatility on the global financial markets.

The Group is closely monitoring whether the fair values of the financial assets and liabilities represent the price that would be achieved for transactions between market participants in the current scenario.

Based on management's, the Group has not identified a material impact to the fair values of financial assets and liabilities for the period ended 30 September 2020 except for what is disclosed in the interim condensed consolidated financial information under financial assets available for sale and financial assets at a fair value through profit or loss.

*Outstanding claims*

The Group expected that there is no material impact on its risk position and provision balances for outstanding claims for the period ended 30 September 2020. It will continue monitoring its claims experience and the developments around the pandemic and revisit the assumptions and methodologies in future reporting periods.