

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

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

**31 MARCH 2021**





Ernst & Young  
Al Aiban, Al Osaimi & Partners  
P.O. Box 74  
18–20th Floor, Baitak Tower  
Ahmed Al Jaber Street  
Safat Square 13001, Kuwait

Tel: +965 2295 5000  
Fax: +965 2245 6419  
kuwait@kw.ey.com  
ey.com/mena

## **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 2021, and the related interim condensed consolidated statement of income, interim condensed consolidated statement of comprehensive income, interim condensed consolidated statement of changes in equity and interim condensed consolidated statement of 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 2021 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 three months period ended 31 March 2021 that might have had a material effect on the business of the Parent Company or on its financial position.

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ABDULKARIM AL SAMDAN  
LICENCE NO. 208-A  
EY  
AL AIBAN, AL OSAIMI & PARTNERS

10 May 2021  
Kuwait

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF INCOME (UNAUDITED)

For the period ended 31 March 2021

	Notes	Three months ended	
		31 March	
		2021	2020
		KD	KD
<b>REVENUES:</b>			
Gross premiums written		12,484,217	10,000,466
Premium ceded to reinsurers		(6,695,615)	(4,952,671)
<b>Net premiums written</b>		<b>5,788,602</b>	<b>5,047,795</b>
Movement in unearned premium reserve		(533,725)	(136,620)
Movement in life mathematical reserve		(51,168)	4,864
<b>Net premiums earned</b>		<b>5,203,709</b>	<b>4,916,039</b>
Commissions income on ceded reinsurance		469,579	420,073
Policy issuance fees		18,541	39,349
<b>Total revenues</b>		<b>5,691,829</b>	<b>5,375,461</b>
<b>EXPENSES:</b>			
Net claims incurred		(2,646,232)	(2,100,073)
Commissions and premiums' acquisition costs		(656,261)	(610,450)
General and administrative expenses		(1,224,948)	(1,340,074)
<b>Total expenses</b>		<b>(4,527,441)</b>	<b>(4,050,597)</b>
<b>NET UNDERWRITING INCOME</b>		<b>1,164,388</b>	<b>1,324,864</b>
Net investment income (loss)	3	171,214	(517,736)
Share of results of associates		172,282	(11,403)
Other insurance services income		195,246	180,213
Foreign currency exchange differences		150,186	111,075
Other income (loss)		1,678	(7,447)
		<b>1,854,994</b>	<b>1,079,566</b>
<b>OTHER EXPENSES:</b>			
Other insurance services expense		(144,530)	(141,570)
Allowance for impairment of doubtful and bad debts		(500,000)	-
		<b>(644,530)</b>	<b>(141,570)</b>
<b>Profit before provisions for contribution to Kuwait Foundation for the Advancement of Science (KFAS), National Labor Support Tax (NLST) and Zakat</b>		<b>1,210,464</b>	<b>937,996</b>
Contribution to KFAS		(9,893)	(8,694)
NLST		(44,866)	(20,080)
Zakat		(15,905)	(8,032)
<b>PROFIT FOR THE PERIOD</b>		<b>1,139,800</b>	<b>901,190</b>
<b>Attributable to:</b>			
Equity holders of the Parent Company		1,132,084	895,517
Non-controlling interest		7,716	5,673
		<b>1,139,800</b>	<b>901,190</b>
<b>BASIC AND DILUTED EARNINGS PER SHARE ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE PARENT COMPANY</b>	4	<b>6.54 fils</b>	<b>5.17 fils</b>

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 2021

	<i>Three months ended</i>	
	<i>31 March</i>	
	<b>2021</b>	<b>2020</b>
	<b>KD</b>	<b>KD</b>
<b>Profit for the period</b>	<b>1,139,800</b>	901,190
<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>582,036</b>	(2,193,064)
- Share of other comprehensive income (loss) of associates	<b>5,664</b>	(377)
<b>Other comprehensive income (loss) for the period</b>	<b>587,700</b>	(2,193,441)
<b>Total comprehensive income (loss) for the period</b>	<b>1,727,500</b>	(1,292,251)
<b>Attributable to:</b>		
Equity holders of the Parent Company	<b>1,719,784</b>	(1,297,924)
Non-controlling interests	<b>7,716</b>	5,673
	<b>1,727,500</b>	(1,292,251)

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

As at 31 March 2021

		(Audited)	
	Notes	31 March 2021 KD	31 December 2020 KD
<b>ASSETS</b>			
Property and equipment	5	7,260,377	7,308,776
Investment in associates		7,906,524	7,683,578
Loan secured by life insurance policies		26,918	26,918
Financial assets available for sale	6	21,333,459	19,267,759
Financial assets at fair value through profit or loss		11,013,408	8,960,006
Reinsurance share in outstanding claims reserve		43,557,037	45,469,252
Insurance and reinsurance receivables		13,415,826	12,728,033
Other assets		7,129,313	6,662,918
Term deposits	7	6,438,215	6,588,215
Bank balances and cash	8	6,003,740	5,733,749
<b>TOTAL ASSETS</b>		<b>124,084,817</b>	<b>120,429,204</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	9	17,710,846	17,710,846
Statutory reserve		8,781,109	8,781,109
General reserve		4,000,000	4,000,000
Voluntary reserve		764,895	764,895
Treasury shares	10	(1,288,026)	(1,275,970)
Treasury shares reserve		164,760	164,760
Cumulative changes in fair values reserve		5,424,590	4,836,890
Retained earnings		3,258,508	2,126,424
<b>Equity attributable to equity holders of the Parent Company</b>		<b>38,816,682</b>	<b>37,108,954</b>
Non-controlling interests		(34,283)	(41,999)
<b>Total equity</b>		<b>38,782,399</b>	<b>37,066,955</b>
<b>Liabilities</b>			
Bank overdraft	8	-	-
Long term loan		2,000,000	2,000,000
Insurance contract liabilities	11	61,409,087	62,555,184
Insurance and reinsurance payables		11,900,343	8,794,212
Other liabilities		9,992,988	10,012,853
<b>Total liabilities</b>		<b>85,302,418</b>	<b>83,362,249</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>124,084,817</b>	<b>120,429,204</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 31 March 2021

	<i>Equity attributable to equity holders of the Parent Company</i>										
	<i>Share capital</i>	<i>Statutory reserve</i>	<i>General reserve</i>	<i>Voluntary reserve</i>	<i>Treasury shares</i>	<i>Treasury shares reserve</i>	<i>Cumulative changes in fair values reserve</i>	<i>Retained earnings</i>	<i>Sub total</i>	<i>Non-controlling interests</i>	<i>Total equity</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>	<i>KD</i>	<i>KD</i>	<i>KD</i>
Balance as at 1 January 2021 (audited)	17,710,846	8,781,109	4,000,000	764,895	(1,275,970)	164,760	4,836,890	2,126,424	37,108,954	(41,999)	37,066,955
Profit for the period	-	-	-	-	-	-	-	1,132,084	1,132,084	7,716	1,139,800
Other comprehensive income	-	-	-	-	-	-	587,700	-	587,700	-	587,700
Total comprehensive (loss) income for the period	-	-	-	-	-	-	587,700	1,132,084	1,719,784	7,716	1,727,500
Movement in treasury shares (Note 10)	-	-	-	-	(12,056)	-	-	-	(12,056)	-	(12,056)
<b>Balance as at 31 March 2021</b>	<b>17,710,846</b>	<b>8,781,109</b>	<b>4,000,000</b>	<b>764,895</b>	<b>(1,288,026)</b>	<b>164,760</b>	<b>5,424,590</b>	<b>3,258,508</b>	<b>38,816,682</b>	<b>(34,283)</b>	<b>38,782,399</b>
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

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 31 March 2021

	Notes	Three months ended	
		31 March	
		2021	2020
		KD	KD
<b>OPERATING ACTIVITIES</b>			
Profit for the period before contribution to KFAS, NLST and Zakat		<b>1,210,464</b>	937,996
<i>Adjustments to reconcile profit for the period to net cash flows:</i>			
Unrealized loss of financial assets at fair value through profit or loss	3	<b>79,062</b>	815,498
Realized loss (gain) from sale of financial assets at fair value through profit or loss	3	<b>410</b>	(18,448)
Impairment loss of financial assets available for sale	3	<b>1,568</b>	-
Gain from sale of financial assets available for sale	3	<b>(5,309)</b>	-
Dividend income	3	<b>(136,873)</b>	(113,806)
Interest income	3	<b>(110,072)</b>	(165,508)
Share of results of associates		<b>(172,282)</b>	11,403
Depreciation of property and equipment		<b>53,445</b>	51,177
Allowance for impairment of doubtful and bad debts		<b>500,000</b>	-
Provision for employees' end of service benefits		<b>138,859</b>	43,280
Foreign currency exchange differences		<b>19,148</b>	-
		<b>1,578,420</b>	1,561,592
Changes in operating assets and liabilities:			
Reinsurance share in outstanding claims reserve		<b>1,912,215</b>	(9,349)
Insurance and reinsurance receivables		<b>(1,187,793)</b>	(1,305,433)
Other assets		<b>(399,335)</b>	(793,787)
Insurance contract liabilities		<b>(1,146,097)</b>	267,688
Insurance and reinsurance payables		<b>3,106,131</b>	(71,794)
Other liabilities		<b>(197,100)</b>	1,736,507
Cash flows from operations		<b>3,666,441</b>	1,385,424
Employees' end of service benefits paid		<b>(32,291)</b>	(69,436)
Net cash flows from operating activities		<b>3,634,150</b>	1,315,988
<b>INVESTING ACTIVITIES</b>			
Net movement in term deposits		<b>150,000</b>	83,385
Movement in loans secured by life insurance policies		-	(1,575)
Purchase of financial assets available for sale		<b>(1,520,000)</b>	(66,681)
Additions to investment in associate		<b>(45,000)</b>	-
Purchases of financial assets at fair value through profit or loss		<b>(2,402,860)</b>	(1,293,671)
Proceed from sale of financial assets available for sale		<b>23,909</b>	675,976
Proceed from financial assets at fair value through profit or loss		<b>267,012</b>	-
Purchases of property and equipment		<b>(5,050)</b>	(9,645)
Dividends received		<b>118,002</b>	75,388
Interest income received		<b>61,884</b>	101,378
Net cash flows used in investing activities		<b>(3,352,103)</b>	(435,445)
<b>FINANCING ACTIVITY</b>			
Movement in treasury shares	10	<b>(12,056)</b>	-
Net cash flows used in financing activity		<b>(12,056)</b>	-
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>			
Cash and cash equivalents at beginning of the period		<b>269,991</b>	880,543
		<b>5,733,749</b>	414,143
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>	8	<b>6,003,740</b>	1,294,686

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

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

As at and for period ended 31 March 2021

### **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 2021 were authorized for issuance by the Board of Directors on 10 May 2021.

The consolidated financial statements of the Group for the year ended 31 December 2020 were approved by the shareholders of the Parent Company at the Annual General Assembly Meeting held on 11 April 2021 (Note 12).

The New Insurance Law issued on 1 September 2019 by Decree Law No. 125 of 2019 (the “Insurance Regulatory Law”), cancelled the Insurance Companies Law No. 24 of 1961. The Executive Regulations of the new amended law issued on 11 March 2021 and was published in the official Gazette on 21 March 2021. As per article two of the executive regulations, the companies have one year from the date of publishing the executive regulations to comply with the new amended law.

### **2 BASIS OF PREPARATION AND CHANGES TO THE GROUP’S ACCOUNTING POLICIES**

#### **2.1 BASIS OF PREPARATION**

The interim condensed consolidated financial information 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 (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 2020. 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 2021 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2021.

#### **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 2020, except for the adoption of new standards effective as of 1 January 2021. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Several amendments and interpretations apply for the first time in 2021, but do not have an impact on the interim condensed consolidated financial information of the Group.



# 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 31 March 2021

### 2 BASIS OF PREPARATION AND CHANGES TO THE GROUP'S ACCOUNTING POLICIES (continued)

#### 2.2 NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS ADOPTED BY THE GROUP (continued)

##### *Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16: Interest Rate Benchmark Reform – Phase 2*

The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free rate (RFR).

The amendments include the following practical expedients:

- ▶ A practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest.
- ▶ Permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued
- ▶ Provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of risk component.

These amendments had no impact on the interim condensed consolidated financial information of the Group. The Group intends to use the practical expedients in future periods if they become applicable.

#### 2.3 STANDARDS ISSUED BUT NOT YET 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.

### 3 NET INVESTMENT INCOME (LOSS)

	<i>Three months ended</i>	
	<i>31 March</i>	
	<i>2021</i>	<i>2020</i>
	<i>KD</i>	<i>KD</i>
Interest income	<b>110,072</b>	165,508
Dividend income	<b>136,873</b>	113,806
Unrealized loss of financial assets at fair value through profit or loss	<b>(79,062)</b>	(815,498)
Realized gain from financial assets available for sale	<b>5,309</b>	-
Realized (loss) gain from sale of financial assets at fair value through profit or loss	<b>(410)</b>	18,448
Impairment loss of financial assets available for sale (Note 6)	<b>(1,568)</b>	-
	<b>171,214</b>	(517,736)

# 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 31 March 2021

### 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 31 March</i>	
	<i>2021</i>	<i>2020</i>
Profit for the period attributable to the equity holders of the Parent Company (KD)	<b>1,132,084</b>	<i>Restated</i> 895,517
Weighted average number of ordinary shares outstanding during the period (excluding treasury shares) (shares)	<b>173,122,296</b>	173,227,173
Earnings per share	<b>6.54 fils</b>	5.17 fils

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

Earnings per share calculation for the period ended 31 March 2020 have been adjusted to take account of the bonus shares issued on 7 May 2020.

Furthermore, the weighted average number of shares outstanding for the current and comparative period have been adjusted to reflect the bonus shares issuance, approved subsequent to the reporting date (Note 12).

### 5 PROPERTY AND EQUIPMENT

The Group's land and building with a net carrying value of KD 2,233,042 (31 December 2020 KD: 2,233,042 and 31 March 2020 KD: 2,827,501) are under lien to the Insurance Regulatory Unit (IRU).

### 6 FINANCIAL ASSETS AVAILABLE FOR SALE

	<i>31 March 2021 KD</i>	<i>(Audited) 31 December 2020 KD</i>	<i>31 March 2020 KD</i>
Quoted securities*	<b>12,661,289</b>	12,148,385	11,919,578
Unquoted securities	<b>682,447</b>	623,694	723,284
Investment in bonds**	<b>7,989,723</b>	6,495,680	5,676,082
	<b>21,333,459</b>	19,267,759	18,318,944

\* Quoted shares with a fair value of KD 2,793,429 (31 December 2020: KD 2,908,518 and 31 March 2020: KD 2,470,455) are under lien to the Insurance Regulatory Unit (IRU).

\*\* Bonds carry interest rate ranging from 3.63% to 6.5% per annum (31 December 2020: 4% to 6.5% and 31 March 2020: 4.5% to 6.5%), mature in 5 to 10 years. The KD denominated bonds amounting KD 3,100,000 (31 December 2020: KD 3,100,000 and 31 March 2020: 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 31 March 2021, 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 1,568 has been recorded in the interim condensed consolidated statement of income (31 December 2020: KD 172,420 and 31 March 2020: KD Nil).

## 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 31 March 2021

#### 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 Insurance Regulatory Unit (IRU) in accordance with insurance regulations of State of Kuwait (31 December 2020: KD 5,185,415 and 31 March 2020: KD 5,185,415).

The effective interest rate on term deposits was 1.35% to 3.5% per annum (31 December 2020: 1.95% to 3.5% and 31 March 2020: 2.87% to 3.5%).

#### 8 CASH AND CASH EQUIVALENTS

	<i>31 March</i> <i>2021</i> <i>KD</i>	<i>(Audited)</i> <i>31 December</i> <i>2020</i> <i>KD</i>	<i>31 March</i> <i>2020</i> <i>KD</i>
Cash on hand	<b>17,186</b>	15,072	35,005
Cash in portfolio	<b>241,250</b>	20,672	69,014
Bank balances	<b>5,745,304</b>	5,698,005	1,805,257
	<b>6,003,740</b>	5,733,749	1,909,276
Less:			
Bank overdraft	-	-	(614,590)
Cash and cash equivalents	<b>6,003,740</b>	5,733,749	1,294,686

The effective interest rate on unsecured overdraft facilities from a local bank was Nil % per annum (31 December 2020: Nil % and 31 March 2020: 3.75%).

#### 9 SHARE CAPITAL

The authorized, issued and paid-up capital consists of 177,108,460 shares (31 December 2020: 177,108,460 shares and 31 March 2020: 172,788,740 shares) of 100 fils each, fully paid in cash.

#### 10 TREASURY SHARES

	<i>31 March</i> <i>2021</i>	<i>(Audited)</i> <i>31 December</i> <i>2020</i>	<i>31 March</i> <i>2020</i>
Number of shares	<b>11,070,502</b>	10,965,625	10,698,171
Percentage to issued shares (%)	<b>6.25</b>	6.19	6.19
Market value (KD)	<b>1,273,108</b>	932,078	759,570
Cost (KD)	<b>1,288,026</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 31 March 2021 was 115 fils per share (31 December 2020: 85 fils per share and 31 March 2020: 71 fils per share).

During the current period ended 31 March 2021, the management of the Parent Company approved to purchase treasury shares of 104,877 share by total consideration amounting to KD of 12,056.

## 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 31 March 2021

#### 11 INSURANCE CONTRACT LIABILITIES

	<i>31 March</i>	<i>(Audited)</i>	<i>31 March</i>
	<i>2021</i>	<i>31 December</i>	<i>2020</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>
Reserve for outstanding claims	<b>54,129,295</b>	55,859,340	58,746,398
Reserve for unearned premiums	<b>4,913,949</b>	4,380,224	4,532,809
Reserve for life mathematical	<b>2,015,979</b>	1,964,811	1,940,547
Unearned Reinsurance Commission	<b>349,864</b>	350,809	333,064
	<b><u>61,409,087</u></b>	<u>62,555,184</u>	<u>65,552,818</u>

#### 12 ANNUAL GENERAL ASSEMBLY

Subsequent to the reporting period, the Annual General Assembly of the shareholders of the Parent Company was held on 11 April 2021 approved the consolidated financial statements for the year ended 31 December 2020 and director's proposal to distribute cash dividends of 8% (2019: 7.5%) of issued and paid-up share capital and also 4% of bonus shares (31 December 2019: 2.5%).

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

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for period ended 31 March 2021

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:

	<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>31 March 2021</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	107,037	798,091	1,811,095	2,716,223	2,981,465	343,496	(4,181)	6,037,003
Segment results	35,072	356,796	497,769	889,637	576,631	343,496	(669,964)	1,139,800
				<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				78,176,009	5,655,417	40,253,391		124,084,817
Liabilities				81,671,846	3,630,572	-		85,302,418
				<i>Total general risk insurance</i>	<i>Life and medical insurance</i>	<i>Investment</i>		<i>Total</i>
<i>31 December 2020 (Audited)</i>				<i>KD</i>	<i>KD</i>	<i>KD</i>		<i>KD</i>
Assets				80,667,924	3,849,937	35,911,343		120,429,204
Liabilities				78,435,203	2,927,046	2,000,000		83,362,249

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 31 March 2021

13 SEGMENT INFORMATION (continued)

	<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 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>31 March 2020</i>								
Segment revenue	86,915	975,220	1,386,260	2,448,395	2,927,067	(529,139)	94,661	4,940,984
Segment results	20,921	881,487	(9,691)	892,717	752,451	(529,139)	(214,839)	901,190
				<i>Total general risk insurance KD</i>	<i>Life and medical insurance KD</i>	<i>Investment KD</i>		<i>Total KD</i>
Assets				79,940,640	4,543,160	35,921,604		120,405,404
Liabilities				70,813,459	12,806,331	-		83,619,790

# 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 31 March 2021

### 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>Parent company's shareholders KD</i>	<i>Entities under common control KD</i>	<i>31 March 2021 KD</i>	<i>(Audited) 31 December 2020 KD</i>	<i>31 March 2020 KD</i>
<b>Insurance activities</b>					
Insurance services receivable	4,147	5,446,896	5,451,043	5,021,212	2,652,833
Insurance Service payable	-	711,999	711,999	706,169	497,248
<b>Investment activities</b>					
Financial assets at fair value through profit or loss	-	8,944,000	8,944,000	7,827,400	6,757,869
Financial assets available for sale	-	7,475,254	7,475,254	7,707,239	7,067,054
Investment in associates	-	7,906,524	7,906,524	7,683,578	7,553,312
Fixed deposits	-	6,121,800	6,121,800	6,271,800	6,271,800
Cash and cash equivalent	-	5,450,564	5,450,564	1,633,918	1,369,865
Other liabilities	-	5,717,123	5,717,123	4,814,106	2,921,817

Transactions included in the interim condensed consolidated statement of income:

	<i>Parent company's shareholders KD</i>	<i>Entities under common control KD</i>	<i>Three months ended 31 March</i>	
			<i>2021 KD</i>	<i>2020 KD</i>
Unrealized (loss) of financial assets available for sale	-	(269,860)	(269,860)	(2,447,681)
Premiums written	2,114	642,317	644,431	858,645
Dividend income	-	94,445	94,445	75,388

Compensation to key management personnel:

	<i>Three months ended 31 March</i>	
	<i>2021 KD</i>	<i>2020 KD</i>
Short term employees' benefits	183,694	225,702
Employees' end of service benefit	44,324	9,213
	<b>228,018</b>	<b>234,915</b>

### 15 CAPITAL COMMITMENTS AND CONTINGENCIES

	<i>31 March 2021 KD</i>	<i>(Audited) 31 December 2020 KD</i>	<i>31 March 2020 KD</i>
Letters of guarantee	352,807	222,905	1,207,474
Capital commitments	6,480	6,480	6,480

## 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 31 March 2021

#### 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, insurance and reinsurance receivables, term deposits and bank balances. Financial liabilities consist of insurance and reinsurance liabilities and other liabilities.

The fair values of financial instruments, with the exception of certain financial assets available for sale carried at cost amounting to KD 3,100,000 (31 December 2020: KD 3,100,000 and 31 March 2020: KD 2,500,000) (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>
<i>As at 31 March 2021</i>				
Financial assets at fair value through profit or loss	10,005,970	1,007,438	-	11,013,408
Financial assets available for sale	12,661,288	4,889,726	682,445	18,233,459
Total	<u>22,667,258</u>	<u>5,897,164</u>	<u>682,445</u>	<u>29,246,867</u>
<i>As at 31 December 2020 (audited)</i>				
Financial assets at fair value through profit or loss	8,960,006	-	-	8,960,006
Financial assets available for sale	12,148,385	3,395,680	623,694	16,167,759
Total	<u>21,108,391</u>	<u>3,395,680</u>	<u>623,694</u>	<u>25,127,765</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 31 March 2021

16 FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

<i>As at 31 March 2020</i>	<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 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
<b>Total</b>	<b>19,651,409</b>	<b>3,176,082</b>	<b>723,284</b>	<b>23,550,775</b>

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 decrease (increase) in fair value by KD 91 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 74 thousands.

During the period ended 31 March 2021, 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
<i>As at 31 March 2021</i>				
Financial assets available for sale	623,694	60,319	(1,568)	682,445
	<b>623,694</b>	<b>60,319</b>	<b>(1,568)</b>	<b>682,445</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 31 March 2021

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

<i>As at 31 December 2020 (audited)</i>	<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>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>
Financial assets available for sale	723,284	72,831	(172,421)	623,694
	<u>723,284</u>	<u>72,831</u>	<u>(172,421)</u>	<u>623,694</u>
<i>As at 31 March 2020</i>				
Financial assets available for sale	723,284	-	-	723,284
	<u>723,284</u>	<u>-</u>	<u>-</u>	<u>723,284</u>

**17 IMPACT OF 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 31 March 2021.

*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 31 March 2021 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 31 March 2021. It will continue monitoring its claims experience and the developments around the pandemic and revisit the assumptions and methodologies in future reporting periods.

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