

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

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

**30 JUNE 2022**

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

### *Introduction*

We have reviewed the accompanying interim condensed consolidated statement of financial position of Warba Insurance and Reinsurance Company K.S.C.P. (the “Parent Company”) and its subsidiary (collectively “the Group”) as at 30 June 2022, and the related interim condensed consolidated statement of income and interim condensed consolidated statement of comprehensive income for the three months and six months periods then ended, and the interim condensed consolidated statement of changes in equity and interim condensed consolidated statement of cash flows for the six-month 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 six months period ended 30 June 2022 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 six months period ended 30 June 2022 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

14 August 2022  
Kuwait

Warba Insurance and Reinsurance Company K.S.C.P. and its Subsidiary  
**INTERIM CONDENSED CONSOLIDATED STATEMENT OF INCOME (UNAUDITED)**  
For the period ended 30 June 2022

	Notes	<i>Three months ended</i> 30 June		<i>Six months ended</i> 30 June	
		2022 KD	2021 KD	2022 KD	2021 KD
<b>REVENUES:</b>					
Gross premiums written		8,673,484	7,236,417	25,882,456	19,720,634
Premium ceded to reinsurers		(2,575,341)	(2,442,060)	(11,513,680)	(9,137,675)
<b>Net premiums written</b>		<b>6,098,143</b>	4,794,357	<b>14,368,776</b>	10,582,959
Movement in unearned premium reserve		(935,943)	(486,635)	(2,482,673)	(1,020,360)
Movement in life mathematical reserve		(9,549)	3,149	28,883	(48,019)
<b>Net premiums earned</b>		<b>5,152,651</b>	4,310,871	<b>11,914,986</b>	9,514,580
Commissions income on ceded reinsurance		313,456	281,717	796,704	751,296
Policy issuance fees		23,598	16,615	49,959	35,156
<b>Total revenues</b>		<b>5,489,705</b>	4,609,203	<b>12,761,649</b>	10,301,032
<b>EXPENSES:</b>					
Net claims incurred		(3,028,801)	(2,812,803)	(6,982,387)	(5,459,035)
Commissions and premiums' acquisition costs		(530,430)	(482,875)	(1,191,088)	(1,139,136)
General and administrative expenses		(924,896)	(906,113)	(1,845,705)	(1,829,178)
<b>Total expenses</b>		<b>(4,484,127)</b>	(4,201,791)	<b>(10,019,180)</b>	(8,427,349)
<b>NET UNDERWRITING INCOME</b>		<b>1,005,578</b>	407,412	<b>2,742,469</b>	1,873,683
Net investment (loss) income	3	(257,539)	577,227	302,655	692,502
Share of results of associates		20,648	94,898	199,602	267,180
Other insurance services income		128,011	88,315	383,712	283,561
Foreign currency exchange differences		28,330	(51,455)	26,732	98,730
Other income		1,459	4,223	16,139	5,901
		<b>926,487</b>	1,120,620	<b>3,671,309</b>	3,221,557
<b>OTHER EXPENSES:</b>					
Unallocated general and administrative expenses		(203,875)	(290,060)	(593,181)	(536,003)
Other insurance services expenses		(158,654)	(142,955)	(292,153)	(287,485)
Allowance for impairment of doubtful and bad debts		(2,321)	-	(752,321)	(500,000)
		<b>(364,850)</b>	(433,015)	<b>(1,637,655)</b>	(1,323,488)
<b>Profit before provisions for contribution to Kuwait Foundation for the Advancement of Science (KFAS), National Labor Support Tax (NLST) and Zakat</b>		<b>561,637</b>	687,605	<b>2,033,654</b>	1,898,069
Contribution to KFAS		(3,000)	(5,637)	(16,269)	(15,530)
NLST		(3,000)	(14,449)	(63,452)	(59,315)
Zakat		(4,000)	(5,149)	(24,687)	(21,054)
<b>PROFIT FOR THE PERIOD</b>		<b>551,637</b>	662,370	<b>1,929,246</b>	1,802,170
<b>Attributable to:</b>					
Equity holders of the Parent Company		557,851	672,268	1,914,696	1,804,352
Non-controlling interest		(6,214)	(9,898)	14,550	(2,182)
		<b>551,637</b>	662,370	<b>1,929,246</b>	1,802,170
<b>BASIC AND DILUTED EARNINGS PER SHARE ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE PARENT COMPANY</b>					
	4	<b>3.27 Fils</b>	3.9 Fils	<b>11.25 Fils</b>	10.7 Fils

The attached notes 1 to 16 form part of this interim condensed consolidated financial information.

**Warba Insurance and Reinsurance Company K.S.C.P. and its Subsidiary**  
**INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE**  
**INCOME (UNAUDITED)**  
For the period ended 30 June 2022

	Note	<i>Three months ended</i>		<i>Six months ended</i>	
		<i>30 June</i>		<i>30 June</i>	
		<i>2022</i>	<i>2021</i>	<i>2022</i>	<i>2021</i>
		<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>
<b>Profit for the period</b>		<b>551,637</b>	662,370	<b>1,929,246</b>	1,802,170
<b>Other comprehensive (loss) income:</b>					
<i>Items that are or may be reclassified to the interim condensed consolidated statement of income in subsequent periods:</i>					
- Net unrealized (loss) gain of financial assets available for sale		<b>(2,091,718)</b>	1,635,734	<b>(1,024,708)</b>	2,216,202
- Impairment loss of financial assets available for sale	3	-	-	-	1,568
- Share of other comprehensive (loss) income of associates		<b>(2,378)</b>	1,609	<b>14,630</b>	7,273
<b>Other comprehensive (loss) income for the period</b>		<b>(2,094,096)</b>	1,637,343	<b>(1,010,078)</b>	2,225,043
<b>Total comprehensive (loss) income for the period</b>		<b>(1,542,459)</b>	2,299,713	<b>919,168</b>	4,027,213
<b>Attributable to:</b>					
Equity holders of the Parent Company		<b>(1,536,245)</b>	2,309,611	<b>904,618</b>	4,029,395
Non-controlling interests		<b>(6,214)</b>	(9,898)	<b>14,550</b>	(2,182)
		<b>(1,542,459)</b>	2,299,713	<b>919,168</b>	4,027,213

The attached notes 1 to 16 form part of this interim condensed consolidated financial information.

Warba Insurance and Reinsurance Company K.S.C.P. and its Subsidiary  
**INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL  
POSITION (UNAUDITED)**  
As at 30 June 2022

		(Audited)		
	30 June	31 December	30 June	
	2022	2021	2021	
	KD	KD	KD	
Notes				
<b>ASSETS</b>				
Property and equipment	5	7,308,798	7,235,392	7,214,658
Investment in associates		8,111,123	8,076,790	7,874,530
Loan secured by life insurance policies		22,066	22,288	23,568
Financial assets available for sale	6	23,755,550	24,727,974	22,453,020
Financial assets at fair value through profit or loss		10,133,687	9,288,767	9,575,847
Reinsurance share in outstanding claims reserve		26,155,038	42,188,938	42,592,093
Insurance and reinsurance receivables		15,270,851	12,096,387	14,255,839
Other assets		7,440,943	6,621,005	6,870,745
Term deposits	7	1,950,000	5,488,820	6,438,215
Cash and cash equivalents	8	11,287,158	7,445,592	3,712,541
<b>TOTAL ASSETS</b>		<b>111,435,214</b>	<b>123,191,953</b>	<b>121,011,056</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Share capital	9	17,710,846	17,710,846	17,710,846
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	(1,248,797)	(893,031)	(743,182)
Treasury shares reserve		300,045	305,756	76,117
Cumulative changes in fair values reserve		6,598,377	7,608,455	7,061,933
Retained earnings		2,626,318	2,423,828	1,885,033
<b>Equity attributable to equity holders of the Parent Company</b>		<b>39,532,793</b>	<b>40,701,858</b>	<b>39,536,751</b>
Non-controlling interests		(50,419)	(64,969)	(44,181)
<b>Total equity</b>		<b>39,482,374</b>	<b>40,636,889</b>	<b>39,492,570</b>
<b>Liabilities</b>				
Long term loan		4,600,000	4,000,000	2,000,000
Insurance contract liabilities	11	47,852,027	59,663,899	60,816,880
Insurance and reinsurance payables		10,367,379	9,641,318	8,862,841
Other liabilities		9,133,434	9,249,847	9,838,765
<b>Total liabilities</b>		<b>71,952,840</b>	<b>82,555,064</b>	<b>81,518,486</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>111,435,214</b>	<b>123,191,953</b>	<b>121,011,056</b>



Anwar Jawad Bu-Khamseen  
Chairman



Sheikh / Mohammed Jarrah Sabah Al-Sabah  
Vice Chairman

The attached notes 1 to 16 form part of this interim condensed consolidated financial information.

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the period ended 30 June 2022

	<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 reserve</i> KD	<i>Retained earnings</i> KD	<i>Sub total</i> KD			
Balance as at 1 January 2022 (audited)	17,710,846	8,781,109	4,000,000	764,895	(893,031)	305,756	7,608,455	2,423,828	40,701,858	(64,969)	40,636,889	
Profit for the period	-	-	-	-	-	-	-	1,914,696	1,914,696	14,550	1,929,246	
Other comprehensive loss	-	-	-	-	-	-	(1,010,078)	-	(1,010,078)	-	(1,010,078)	
Total comprehensive (loss) income for the period	-	-	-	-	-	-	(1,010,078)	1,914,696	904,618	14,550	919,168	
Cash dividends (Note 12)	-	-	-	-	-	-	-	(1,712,206)	(1,712,206)	-	(1,712,206)	
Movement in treasury shares (Note 10)	-	-	-	-	(355,766)	(5,711)	-	-	(361,477)	-	(361,477)	
<b>Balance as at 30 June 2022</b>	<b>17,710,846</b>	<b>8,781,109</b>	<b>4,000,000</b>	<b>764,895</b>	<b>(1,248,797)</b>	<b>300,045</b>	<b>6,598,377</b>	<b>2,626,318</b>	<b>39,532,793</b>	<b>(50,419)</b>	<b>39,482,374</b>	
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 (loss) for the period	-	-	-	-	-	-	-	1,804,352	1,804,352	(2,182)	1,802,170	
Other comprehensive income	-	-	-	-	-	-	2,225,043	-	2,225,043	-	2,225,043	
Total comprehensive income (loss) for the period	-	-	-	-	-	-	2,225,043	1,804,352	4,029,395	(2,182)	4,027,213	
Bonus shares (Note 12)	-	-	-	-	824,541	(106,469)	-	(718,072)	-	-	-	
Cash dividends (Note 12)	-	-	-	-	-	-	-	(1,327,671)	(1,327,671)	-	(1,327,671)	
Movement in treasury shares (Note 10)	-	-	-	-	(291,753)	17,826	-	-	(273,927)	-	(273,927)	
Balance as at 30 June 2021	17,710,846	8,781,109	4,000,000	764,895	(743,182)	76,117	7,061,933	1,885,033	39,536,751	(44,181)	39,492,570	

The attached notes 1 to 16 form part of this interim condensed consolidated financial information.

Warba Insurance and Reinsurance Company K.S.C.P. and its Subsidiary  
**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**(UNAUDITED)**

For period ended 30 June 2022

	Notes	Six months ended 30 June	
		2022 KD	2021 KD
<b>OPERATING ACTIVITIES</b>			
Profit for the period before contribution to KFAS, NLST and Zakat		2,033,654	1,898,069
<i>Adjustments to reconcile profit before contribution to KFAS, NLST and Zakat for the period to net cash flows:</i>			
Dividend income	3	(693,592)	(477,256)
Interest income	3	(236,927)	(233,991)
Unrealized loss (gain) of financial assets at fair value through profit or loss	3	518,377	(115,130)
Realized (gain) loss from sale of financial assets at fair value through profit or loss	3	(26,161)	49,929
Impairment loss of financial assets available for sale	3	-	1,568
Gain from sale of financial assets available for sale	3	-	(5,309)
Share of results of associates		(199,602)	(267,180)
Depreciation of property and equipment		103,267	107,048
Allowance for impairment of doubtful and bad debts		752,321	500,000
Provision for employees' end of service benefits		201,004	175,196
Foreign currency exchange differences		(52,284)	30,295
		<b>2,400,057</b>	<b>1,663,239</b>
Changes in operating assets and liabilities:			
Reinsurance's share in outstanding claims reserve		16,033,900	2,877,159
Insurance and reinsurance receivables		(3,926,785)	(2,027,806)
Other assets		(886,960)	323,534
Insurance contract liabilities		(11,811,872)	(1,738,304)
Insurance and reinsurance payables		726,061	68,629
Other liabilities		(396,079)	(330,042)
Cash flows from operations		2,138,322	836,409
Employees' end of service benefits paid		(101,249)	(115,140)
Net cash flows from operating activities		<b>2,037,073</b>	<b>721,269</b>
<b>INVESTING ACTIVITIES</b>			
Net movement in term deposits		3,538,820	150,000
Movement in loans secured by life insurance policies		222	3,350
Purchase of financial assets available for sale		-	(1,014,981)
Additions to investment in associate		-	(45,000)
Purchases of financial assets at fair value through profit or loss		(2,347,501)	(3,768,146)
Proceed from sale of financial assets available for sale		-	23,909
Proceed from sale of financial assets at fair value through profit or loss		1,010,365	3,214,532
Purchases of property and equipment		(176,673)	(12,930)
Dividends received		670,592	118,002
Interest income received		326,949	61,884
Purchase of treasury shares		(2,470,189)	(441,860)
Proceeds from sale of treasury shares		2,108,712	167,933
Dividends received from investment in associates		179,899	128,501
Net cash flows from (used in) investing activities		<b>2,841,196</b>	<b>(1,414,806)</b>
<b>FINANCING ACTIVITY</b>			
Cash dividends Paid	10	(1,636,703)	(1,327,671)
Long term loan		600,000	-
Net cash flows used in financing activity		<b>(1,036,703)</b>	<b>(1,327,671)</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>			
Cash and cash equivalents at beginning of the period		7,445,592	5,733,749
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>	8	<b>11,287,158</b>	<b>3,712,541</b>

The attached notes 1 to 16 form part of this interim condensed consolidated financial information.

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

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

As at and for period ended 30 June 2022

### 1 INCORPORATION AND OBJECTIVES OF THE PARENT COMPANY

Warba Insurance and Reinsurance Company K.S.C.P. (the “Parent Company”), previously Warba insurance Company K.S.C.P. 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 six months’ period ended 30 June 2022 were authorized for issuance by the Board of Directors on 14 August 2022.

The consolidated financial statements of the Group for the year ended 31 December 2021 were approved by the shareholders of the Parent Company at the Annual General Assembly Meeting held on 17 April 2022 (Note 12).

### 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 2021. 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 six months’ period ended 30 June 2022 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2022.

#### 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 2021. Amendments to IFRSs which are effective for annual accounting period starting from 1 January 2022 did not have any material impact on the accounting policies, financial position or performance of the Group.

#### 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.



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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for period ended 30 June 2022

**3 NET INVESTMENT INCOME (LOSS) / EXPENSE**

	<i>Three months ended 30 June</i>		<i>Six months ended 30 June</i>	
	<i>2022 KD</i>	<i>2021 KD</i>	<i>2022 KD</i>	<i>2021 KD</i>
Dividend income	<b>226,945</b>	340,383	<b>693,592</b>	477,256
Interest income	<b>113,361</b>	123,919	<b>236,927</b>	233,991
Unrealized (loss) gain of financial assets at fair value through profit or loss	<b>(539,226)</b>	194,192	<b>(518,377)</b>	115,130
Realized gain (loss) from sale of financial assets at fair value through profit or loss	<b>9,178</b>	(49,519)	<b>26,161</b>	(49,929)
Impairment loss of financial assets available for sale (Note 6)	-	-	-	(1,568)
Gain from sale of financial assets available for sale	-	-	-	5,309
	<b>(189,742)</b>	608,975	<b>438,303</b>	780,189
Investment expenses	<b>(67,797)</b>	(31,748)	<b>(135,648)</b>	(87,687)
	<b>(257,539)</b>	577,227	<b>302,655</b>	692,502

**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 30 June</i>		<i>Six months ended 30 June</i>	
	<i>2022</i>	<i>2021</i>	<i>2022</i>	<i>2021</i>
Profit for the period attributable to the equity holders of the Parent Company (KD)	<b>557,851</b>	672,268	<b>1,914,696</b>	1,804,352
Weighted average number of ordinary shares outstanding during the period (excluding treasury shares) (shares)	<b>170,478,408</b>	171,525,359	<b>170,130,291</b>	168,776,848
Earnings per share	<b>3.27 Fils</b>	3.9 Fils	<b>11.25 Fils</b>	10.7 Fils

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

**5 PROPERTY AND EQUIPMENT**

The Group's land and building with a net carrying value of KD 1,189,895 (31 December 2021 KD: 1,189,895 and 30 June 2021: KD 2,793,429) are under lien to the Insurance Regulatory Unit (IRU).

**6 FINANCIAL ASSETS AVAILABLE FOR SALE**

	<i>30 June 2022 KD</i>	<i>(Audited) 31 December 2021 KD</i>	<i>30 June 2021 KD</i>
	Quoted securities*	<b>13,838,453</b>	14,544,485
Unquoted securities	<b>909,951</b>	923,118	815,733
Investment in bonds**	<b>9,007,146</b>	9,260,371	7,540,865
	<b>23,755,550</b>	24,727,974	22,453,020

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

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

As at and for period ended 30 June 2022

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

\* Quoted shares with a fair value of KD 3,098,276 (31 December 2021: KD 2,142,504 and 30 June 2021: KD 3,076,185) are under lien to the Insurance Regulatory Unit (IRU).

\*\* Bonds carry interest rate ranging from 3.63 % to 5.75 % per annum (31 December 2021: 3.63% to 5.75% and 30 June 2021: 3.63 % to 6.5%), mature in 5 to 10 years. The KD denominated bonds amounting KD 5,300,000 (31 December 2021: KD 5,300,000 and 30 June 2021: KD 3,100,000) 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 June 2022, 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 2021: KD 30,906 and 30 June 2021: KD 1,568).

### 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 1,950,000 held in State of Kuwait under lien to the Insurance Regulatory Unit (IRU) in accordance with insurance regulations of State of Kuwait (31 December 2021: KD 5,186,020 and 30 June 2021: KD 5,185,415).

The effective interest rate on term deposits was 1.56 % to 2.19 % per annum (31 December 2021: 1.50% to 3.25% and 30 June 2021: 1.5 % to 3.5%).

### 8 CASH AND CASH EQUIVALENTS

	<i>30 June</i> <i>2022</i> <i>KD</i>	<i>(Audited)</i> <i>31 December</i> <i>2021</i> <i>KD</i>	<i>30 June</i> <i>2021</i> <i>KD</i>
Cash on hand	<b>18,102</b>	13,461	18,009
Cash in portfolio	<b>588,937</b>	319,937	1,169,500
Short term deposit (Maturity within 3 months ending period)	<b>4,541,222</b>	301,485	-
Bank balances	<b>6,138,897</b>	6,810,709	2,525,032
	<b><u>11,287,158</u></b>	<u>7,445,592</u>	<u>3,712,541</u>

Short term deposits include an amount of KD 3,238,422 held in State of Kuwait under lien to the Insurance Regulatory Unit (IRU) in accordance with insurance regulations of State of Kuwait (31 December 2021: KD Nil and 30 June 2021: KD Nil).

The effective interest rate on short term deposits was 1.25% to 1.75% per annum (31 December 2021: 3.25%).

### 9 SHARE CAPITAL

The issued and paid-up capital consists of 177,108,460 shares (31 December 2021: 177,108,460 shares and 30 June 2021: 177,108,460 shares) of 100 fils each, fully paid in cash.

On 13 March 2022, the Parent Company held an Extraordinary General Assembly Meeting of the shareholders and approved to increase the authorized capital to be KD 25,000,000 from KD 17,710,846.

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

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

As at and for period ended 30 June 2022

### 10 TREASURY SHARES

	<b>30 June 2022</b>	<i>(Audited)</i> 31 December 2021	30 June 2021
Number of shares	<b>7,963,628</b>	5,795,002	6,290,587
Percentage to issued shares (%)	<b>4.5</b>	3.27	3.55
Market value (KD)	<b>1,011,380</b>	869,250	855,520
Cost (KD)	<b>1,248,797</b>	893,031	743,182

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 June 2022 was 127 fils per share (31 December 2021: 139 fils per share and 30 June 2021: 136 fils per share).

During the current period ended 30 June 2022, the management of the Parent Company approved to purchase treasury shares of 15,630,244 shares by total consideration amounting to KD 2,470,189 and to sell treasury shares of 13,461,618 shares with total consideration of KD 2,108,712.

### 11 INSURANCE CONTRACT LIABILITIES

	<b>30 June 2022</b>	<i>(Audited)</i> 31 December 2021	30 June 2021
	<b>KD</b>	<b>KD</b>	<b>KD</b>
Reserve for outstanding claims	<b>37,740,546</b>	52,124,946	53,046,764
Reserve for unearned premiums	<b>7,633,712</b>	5,151,039	5,400,584
Reserve for life mathematical	<b>1,998,704</b>	2,027,587	2,012,830
Unearned Reinsurance Commission	<b>479,065</b>	360,327	356,702
	<b><u>47,852,027</u></b>	<u>59,663,899</u>	<u>60,816,880</u>

### 12 ANNUAL GENERAL ASSEMBLY

The Annual General Assembly of the shareholders of the Parent Company was held on 17 April 2022 approved the consolidated financial statements for the year ended 31 December 2021 and director's proposal to distribute cash dividends of 10% for the year ended 31 December 2021 (2020: 8%) in addition to bonus share from treasury shares Nil% (2020: KD 4%).

On 13 March 2022, the Parent Company held an Extraordinary General Assembly Meeting of the shareholders and approved to increase the authorized capital to be KD 25,000,000 from KD 17,710,846.

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

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

As at and for period ended 30 June 2022

#### 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, General Accidents and Fire 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 June 2022</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	<u>284,934</u>	<u>1,187,426</u>	<u>3,492,345</u>	<u>4,964,705</u>	<u>7,796,949</u>	<u>1,021,617</u>	<u>88,667</u>	<u>13,871,938</u>
Segment results	<u>170,485</u>	<u>242,366</u>	<u>87,280</u>	<u>500,131</u>	<u>2,242,344</u>	<u>537,834</u>	<u>(1,351,063)</u>	<u>1,929,246</u>
				<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				<u>62,054,500</u>	<u>7,380,354</u>	<u>42,000,360</u>		<u>111,435,214</u>
Liabilities				<u>64,525,317</u>	<u>2,818,873</u>	<u>4,600,000</u>		<u>71,944,190</u>
				<i>Total general risk insurance</i>	<i>Life and medical insurance</i>	<i>Investment</i>		<i>Total</i>
<i>31 December 2021 (Audited)</i>				<i>KD</i>	<i>KD</i>	<i>KD</i>		<i>KD</i>
Assets				<u>77,190,235</u>	<u>3,908,187</u>	<u>42,093,531</u>		<u>123,191,953</u>
Liabilities				<u>76,247,356</u>	<u>2,307,708</u>	<u>4,000,000</u>		<u>82,555,064</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 2022

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>30 June 2021</i>								
Segment revenue	262,233	1,190,838	3,463,765	4,916,836	5,384,196	1,047,369	388,193	11,736,594
Segment results	151,050	357,280	1,048,643	1,556,973	314,977	1,059,818	(1,129,598)	1,802,170
				<i>Total general risk insurance KD</i>	<i>Life and medical insurance KD</i>	<i>Investment KD</i>		<i>Total KD</i>
Assets				74,837,702	6,269,957	39,903,397		121,011,056
Liabilities				77,359,610	2,158,876	2,000,000		81,518,486

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

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

As at and for period ended 30 June 2022

### 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>30 June 2022 KD</i>	<i>(Audited)</i>	
				<i>31 December 2021 KD</i>	<i>30 June 2021 KD</i>
<b>Insurance activities</b>					
Insurance services receivable	<b>48,376</b>	<b>5,508,208</b>	<b>5,556,585</b>	5,096,056	5,410,489
Insurance service payable	-	<b>748,359</b>	<b>748,359</b>	733,595	714,778
<b>Investment activities</b>					
Financial assets at fair value through profit or loss	-	<b>7,969,855</b>	<b>7,969,855</b>	7,854,529	8,343,175
Financial assets available for sale	-	<b>8,317,812</b>	<b>8,317,812</b>	8,553,213	8,527,064
Investment in associates	-	<b>8,111,123</b>	<b>8,111,123</b>	8,076,790	7,874,530
Term deposits	-	<b>1,950,000</b>	<b>1,950,000</b>	5,171,800	6,121,800
Cash and cash equivalent	-	<b>7,484,564</b>	<b>7,484,564</b>	3,391,766	2,051,741
Other liabilities	-	<b>3,719,205</b>	<b>3,719,205</b>	3,840,259	5,301,933

Transactions included in the interim condensed consolidated statement of income:

	<i>Three months ended 30 June</i>		<i>Six months ended 30 June</i>	
	<i>2022 KD</i>	<i>2021 KD</i>	<i>2022 KD</i>	<i>2021 KD</i>
Unrealized (loss) gain of financial assets available for sale	<b>(203,787)</b>	1,051,811	<b>(13,165)</b>	841,814
Premiums written	<b>350,056</b>	357,026	<b>998,531</b>	1,001,457
Dividend income	<b>222,061</b>	139,918	<b>327,943</b>	234,363

Compensation to key management personnel:

	<i>Three months ended 30 June</i>		<i>Six months ended 30 June</i>	
	<i>2022 KD</i>	<i>2021 KD</i>	<i>2022 KD</i>	<i>2021 KD</i>
Short term employees' benefits	<b>340,330</b>	350,745	<b>515,472</b>	534,439
Employees' end of service benefit	<b>58,305</b>	7,900	<b>66,235</b>	52,224
	<b>398,635</b>	358,645	<b>581,707</b>	586,663

### 15 CAPITAL COMMITMENTS AND CONTINGENCIES

	<i>30 June 2022 KD</i>	<i>(Audited)</i>	
		<i>31 December 2021 KD</i>	<i>30 June 2021 KD</i>
Letters of guarantee	<b>622,558</b>	6,349,293	349,307
Capital commitments	<b>6,480</b>	6,480	6,480

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

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

As at and for period ended 30 June 2022

### 15 CAPITAL COMMITMENTS AND CONTINGENCIES (continued)

#### Contingencies

The Group is subject to litigation in the normal course of its business. The Group based on independent legal advice, does not believe that the outcome of these court cases will have a material impact on the Group's interim condensed consolidated income or consolidated financial position.

### 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 5,300,000 (31 December 2021: KD 5,300,000 and 30 June 2021: KD 3,100,000) (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 30 June 2022</i>				
<b>Financial assets at fair value through profit or loss</b>	8,927,032	1,206,655	-	<b>10,133,687</b>
<b>Financial assets available for sale</b>	13,838,453	3,707,146	909,951	<b>18,455,550</b>
<b>Total</b>	<b>22,765,485</b>	<b>4,913,800</b>	<b>909,952</b>	<b>28,589,237</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>
<i>As at 31 December 2021 (audited)</i>				
Financial assets at fair value through profit or loss	8,135,732	1,153,035	-	9,288,767
Financial assets available for sale	14,544,485	3,960,371	923,118	19,427,974
<b>Total</b>	<b>22,680,217</b>	<b>5,113,406</b>	<b>923,118</b>	<b>28,716,741</b>

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

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As at and for period ended 30 June 2022

16 FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

<i>As at 30 June 2021</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	8,489,994	1,085,853	-	9,575,847
Financial assets available for sale	14,096,422	4,440,865	815,733	19,353,020
<b>Total</b>	<b>22,586,416</b>	<b>5,526,718</b>	<b>815,733</b>	<b>28,928,867</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 121 thousand.
	Price to book value	Price to book multiple	10%	An increase (decrease) by 10% in the price to book multiple would result in an increase (decrease) in fair value by KD 91 thousand.

During the period ended 30 June 2022, 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>As at 30 June 2022</i>	<i>At the beginning of the period</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</i> KD
Financial assets available for sale	923,118	(13,167)	-	909,951
	<b>923,118</b>	<b>(13,167)</b>	<b>-</b>	<b>909,951</b>



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16 FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

<i>As at 31 December 2021 (audited)</i>	<i>At the beginning of the year</i>	<i>Net fair value recorded in the consolidated statement of comprehensive income</i>	<i>Net result recorded in the consolidated statement of income</i>	<i>At the end of the year</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>
Financial assets available for sale	623,694	330,330	(30,906)	923,118
	<u>623,694</u>	<u>330,330</u>	<u>(30,906)</u>	<u>923,118</u>
	<u><u>623,694</u></u>	<u><u>330,330</u></u>	<u><u>(30,906)</u></u>	<u><u>923,118</u></u>
<i>As at 30 June 2021</i>	<i>At the beginning of the period</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</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>
Financial assets available for sale	623,694	193,607	(1,568)	815,733
	<u>623,694</u>	<u>193,607</u>	<u>(1,568)</u>	<u>815,733</u>
	<u><u>623,694</u></u>	<u><u>193,607</u></u>	<u><u>(1,568)</u></u>	<u><u>815,733</u></u>