

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

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

30 SEPTEMBER 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 September 2022, 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 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 nine months period ended 30 September 2022 that might have had a material effect on the business of the Parent Company or on its financial position.



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

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

	Notes	<i>Three months ended</i>		<i>Nine months ended</i>	
		<i>30 September</i>		<i>30 September</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>
REVENUES:					
Gross premiums written		5,941,466	5,668,414	31,823,922	25,389,048
Premium ceded to reinsurers		(1,872,104)	(2,431,961)	(13,385,784)	(11,569,636)
Net premiums written		4,069,362	3,236,453	18,438,138	13,819,412
Movement in unearned premium reserve		(634,343)	72,363	(3,117,016)	(947,997)
Movement in life mathematical reserve		50,996	11,362	79,879	(36,657)
Net premiums earned		3,486,015	3,320,178	15,401,001	12,834,758
Commissions income on ceded reinsurance		213,488	344,266	1,010,192	1,095,562
Policy issuance fees		22,561	21,356	72,520	56,512
Total revenues		3,722,064	3,685,800	16,483,713	13,986,832
EXPENSES:					
Net claims incurred		(3,165,396)	(2,845,863)	(10,147,783)	(8,304,898)
Commissions and premiums' acquisition costs		(431,218)	(460,940)	(1,622,306)	(1,600,076)
General and administrative expenses		(600,309)	(629,535)	(2,446,014)	(2,458,714)
Total expenses		(4,196,923)	(3,936,338)	(14,216,103)	(12,363,688)
NET UNDERWRITING (LOSS) INCOME		(474,859)	(250,538)	2,267,610	1,623,144
Net investment (loss) income	3	(108,653)	450,902	194,002	1,143,404
Share of results of associates		79,000	91,635	278,602	358,815
Other insurance services income		101,675	88,219	485,387	371,780
Foreign currency exchange differences		16,580	(6,646)	43,312	92,085
Other income		3,483	7	19,622	5,908
		(382,774)	373,579	3,288,535	3,595,136
OTHER EXPENSES:					
Unallocated general and administrative expenses		(192,499)	(130,460)	(785,680)	(666,463)
Other insurance services expenses		(145,863)	(146,639)	(438,016)	(434,124)
Allowance for impairment of doubtful and bad debts		-	-	(752,321)	(500,000)
		(338,362)	(277,099)	(1,976,017)	(1,600,587)
(Loss) profit before provisions for contribution to Kuwait Foundation for the Advancement of Science (KFAS), National Labor Support Tax (NLST) and Zakat		(721,136)	96,480	1,312,518	1,994,549
Contribution to KFAS		4,898	(692)	(11,371)	(16,222)
NLST		10,137	(4,497)	(53,315)	(63,812)
Zakat		4,472	(882)	(20,215)	(21,936)
(LOSS) PROFIT FOR THE PERIOD		(701,629)	90,409	1,227,617	1,892,579
Attributable to:					
Equity holders of the Parent Company		(693,424)	101,679	1,221,272	1,906,031
Non-controlling interest		(8,205)	(11,270)	6,345	(13,452)
		(701,629)	90,409	1,227,617	1,892,579
BASIC AND DILUTED (LOSS) EARNINGS PER SHARE ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE PARENT COMPANY					
	4	(4.08) Fils	0.60 Fils	7.12 Fils	11.25 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 September 2022

Note	<i>Three months ended</i> <i>30 September</i>		<i>Nine months ended</i> <i>30 September</i>	
	2022	2021	2022	2021
	KD	KD	KD	KD
(Loss) profit for the period	(701,629)	90,409	1,227,617	1,892,579
Other comprehensive (loss) income:				
<i>Items that are or may be reclassified to the interim condensed consolidated statement of income in subsequent periods:</i>				
- Net unrealized (loss) gain of financial assets available for sale	(1,539,764)	(208,510)	(2,564,472)	2,007,692
- Impairment loss of financial assets available for sale	3	29,338	-	30,906
- Share of other comprehensive (loss) income of associates	(49,208)	1,269	(34,578)	8,542
Other comprehensive (loss) income for the period	(1,588,972)	(177,903)	(2,599,050)	2,047,140
Total comprehensive (loss) income for the period	(2,290,601)	(87,494)	(1,371,433)	3,939,719
Attributable to:				
Equity holders of the Parent Company	(2,282,396)	(76,224)	(1,377,778)	3,953,171
Non-controlling interests	(8,205)	(11,270)	6,345	(13,452)
	(2,290,601)	(87,494)	(1,371,433)	3,939,719

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 September 2022

		30 September 2022	(Audited) 31 December 2021	30 September 2021
	Notes	KD	KD	KD
ASSETS				
Property and equipment	5	7,302,158	7,235,392	7,230,597
Investment in associates		8,140,915	8,076,790	7,967,434
Loan secured by life insurance policies		22,066	22,288	22,288
Financial assets available for sale	6	22,267,991	24,727,974	22,935,679
Financial assets at fair value through profit or loss		9,835,922	9,288,767	9,201,924
Reinsurance shares in outstanding claims reserve		24,844,407	42,188,938	41,860,197
Insurance and reinsurance receivables		13,496,993	12,096,387	12,986,214
Other assets		7,710,500	6,621,005	6,791,227
Term deposits	7	1,950,000	5,488,820	6,438,518
Cash and cash equivalents	8	12,978,459	7,445,592	3,644,594
TOTAL ASSETS		108,549,411	123,191,953	119,078,672
EQUITY AND LIABILITIES				
Equity				
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	(1,089,964)	(893,031)	(717,335)
Treasury shares reserve		232,402	305,756	163,299
Cumulative changes in fair values reserve		5,009,405	7,608,455	6,884,030
Retained earnings		1,932,894	2,423,828	1,986,712
Equity attributable to equity holders of the Parent Company		37,341,587	40,701,858	39,573,556
Non-controlling interests		(58,624)	(64,969)	(55,451)
Total equity		37,282,963	40,636,889	39,518,105
Liabilities				
Bank overdraft	8	-	-	228,214
Long term loan		4,000,000	4,000,000	2,000,000
Insurance contract liabilities	11	46,517,036	59,663,899	59,696,401
Insurance and reinsurance payables		10,026,172	9,641,318	8,448,589
Other liabilities		10,723,240	9,249,847	9,187,363
Total liabilities		71,266,448	82,555,064	79,560,567
TOTAL EQUITY AND LIABILITIES		108,549,411	123,191,953	119,078,672

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 September 2022

	<i>Equity attributable to equity holders of the Parent Company</i>										
	<i>Share capital KD</i>	<i>Statutory reserve KD</i>	<i>General reserve KD</i>	<i>Voluntary reserve KD</i>	<i>Treasury shares KD</i>	<i>Treasury shares reserve KD</i>	<i>Cumulative changes in fair values reserve KD</i>	<i>Retained earnings KD</i>	<i>Sub total KD</i>	<i>Non-controlling interests KD</i>	<i>Total equity KD</i>
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	-	-	-	-	-	-	-	1,221,272	1,221,272	6,345	1,227,617
Other comprehensive loss	-	-	-	-	-	-	(2,599,050)	-	(2,599,050)	-	(2,599,050)
Total comprehensive (loss) income for the period	-	-	-	-	-	-	(2,599,050)	1,221,272	(1,377,778)	6,345	(1,371,433)
Cash dividends (Note 12)	-	-	-	-	-	-	-	(1,712,206)	(1,712,206)	-	(1,712,206)
Movement in treasury shares (Note 10)	-	-	-	-	(196,933)	(73,354)	-	-	(270,287)	-	(270,287)
Balance as at 30 September 2022	17,710,846	8,781,109	4,000,000	764,895	(1,089,964)	232,402	5,009,405	1,932,894	37,341,587	(58,624)	37,282,963
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	-	-	-	-	-	-	-	1,906,031	1,906,031	(13,452)	1,892,579
Other comprehensive income	-	-	-	-	-	-	2,047,140	-	2,047,140	-	2,047,140
Total comprehensive income (loss) for the period	-	-	-	-	-	-	2,047,140	1,906,031	3,953,171	(13,452)	3,939,719
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	-	-	-	-	(265,906)	105,008	-	-	(160,898)	-	(160,898)
Balance as at 30 September 2021	17,710,846	8,781,109	4,000,000	764,895	(717,335)	163,299	6,884,030	1,986,712	39,573,556	(55,451)	39,518,105

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 September 2022

	Notes	<i>Nine months ended</i>	
		<i>30 September</i>	
		2022	2021
		KD	KD
OPERATING ACTIVITIES			
Profit for the period before contribution to KFAS, NLST and Zakat		1,312,518	1,994,549
<i>Adjustments to reconcile profit before contribution to KFAS, NLST and Zakat for the period to net cash flows:</i>			
Dividend income	3	(797,797)	(566,847)
Interest income	3	(391,608)	(357,107)
Unrealized loss (gain) of financial assets at fair value through profit or loss	3	818,146	(309,865)
Realized (gain) loss from sale of financial assets at fair value through profit or loss	3	(26,161)	73,014
Impairment loss of financial assets available for sale	3	-	30,906
Gain from sale of financial assets available for sale	3	-	(145,100)
Share of results of associates		(278,602)	(358,815)
Depreciation of property and equipment		154,957	160,526
Allowance for impairment of doubtful and bad debts		752,321	500,000
Provision for employees' end of service benefits		242,434	217,166
Foreign currency exchange differences		(106,489)	30,312
		1,679,719	1,268,739
Changes in operating assets and liabilities:			
Reinsurance's share in outstanding claims reserve		17,344,531	3,609,055
Insurance and reinsurance receivables		(2,152,927)	(758,181)
Other assets		(106,492)	395,097
Insurance contract liabilities		(13,146,863)	(2,858,783)
Insurance and reinsurance payables		384,854	(345,623)
Other liabilities		1,185,436	(995,671)
Cash flows from operations		5,188,258	314,633
Employees' end of service benefits paid		(102,860)	(148,954)
Net cash flows from operating activities		5,085,398	165,679
INVESTING ACTIVITIES			
Net movement in term deposits		3,538,820	149,697
Movement in loans secured by life insurance policies		222	4,630
Purchase of financial assets available for sale		-	(2,214,983)
Additions to investment in associate		-	(45,000)
Purchases of financial assets at fair value through profit or loss		(2,347,501)	(4,139,212)
Proceed from sale of financial assets available for sale		-	672,395
Proceed from sale of financial assets at fair value through profit or loss		1,010,361	4,131,292
Purchases of property and equipment		(221,723)	(82,347)
Dividends received		107,341	338,664
Interest income received		99,060	61,884
Purchase of treasury shares	10	(3,255,050)	(731,161)
Proceeds from sale of treasury shares	10	2,984,763	570,263
Dividends received from investment in associates		179,899	128,501
Net cash flows from (used in) investing activities		2,096,192	(1,155,377)
FINANCING ACTIVITY			
Cash dividends paid		(1,648,723)	(1,327,671)
Net cash flows used in financing activity		(1,648,723)	(1,327,671)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		5,532,867	(2,317,369)
Cash and cash equivalents at beginning of the period		7,445,592	5,733,749
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	8	12,978,459	3,416,380

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 September 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 nine months’ period ended 30 September 2022 were authorized for issuance by the Board of Directors on 8 November 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 nine months’ period ended 30 September 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 September 2022

3 NET INVESTMENT (LOSS) INCOME / EXPENSE

	<i>Three months ended</i>		<i>Nine months ended</i>	
	<i>30 September</i>		<i>30 September</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>
Dividend income	104,205	89,591	797,797	566,847
Interest income	154,681	123,116	391,608	357,107
Unrealized (loss) gain of financial assets at fair value through profit or loss	(299,769)	194,735	(818,146)	309,865
Realized (loss) gain from sale of financial assets at fair value through profit or loss	-	(23,085)	26,161	(73,014)
Impairment loss of financial assets available for sale (Note 6)	-	(29,338)	-	(30,906)
Gain from sale of financial assets available for sale	-	139,791	-	145,100
	(40,883)	494,810	397,420	1,274,999
Investment expenses	(67,770)	(43,908)	(203,418)	(131,595)
	(108,653)	450,902	194,002	1,143,404

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>2022</i>	<i>2021</i>	<i>2022</i>	<i>2021</i>
(Loss) profit for the period attributable to the equity holders of the Parent Company (KD)	(693,424)	101,679	1,221,272	1,906,031
Weighted average number of ordinary shares outstanding during the period (excluding treasury shares) (shares)	169,904,371	170,827,309	171,448,907	169,467,765
(Loss) Earnings per share	(4.08) Fils	0.60 Fils	7.12 Fils	11.25 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 September 2021: KD 2,233,042) are under lien to the Insurance Regulatory Unit (IRU).

6 FINANCIAL ASSETS AVAILABLE FOR SALE

	<i>(Audited)</i>		<i>30 September</i>
	<i>30 September</i>	<i>31 December</i>	
	<i>2022</i>	<i>2021</i>	
	<i>KD</i>	<i>KD</i>	<i>KD</i>
Quoted securities*	12,873,721	14,544,485	13,869,958
Unquoted securities	502,173	923,118	852,817
Investment in bonds**	8,892,097	9,260,371	8,212,904
	22,267,991	24,727,974	22,935,679

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 September 2022

6 FINANCIAL ASSETS AVAILABLE FOR SALE (continued)

* Quoted shares with a fair value of KD 2,946,722 (31 December 2021: KD 2,142,504 and 30 September 2021: KD 3,173,669) are under lien to the Insurance Regulatory Unit (IRU).

** Bonds carry interest rate ranging from 4% to 6% per annum (31 December 2021: 3.63% to 5.75% and 30 September 2021: 3.63% to 5.75%), mature in 5 to 10 years. The KD denominated bonds amounting KD 5,300,000 (31 December 2021: KD 5,300,000 and 30 September 2021: KD 3,300,000) 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 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 September 2021: KD 30,906).

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 September 2021: KD 5,185,415).

The effective interest rate on term deposits was 1.95% to 2% per annum (31 December 2021: 1.50% to 3.25% and 30 September 2021: 1.5% to 3.5%).

8 CASH AND CASH EQUIVALENTS

	<i>30 September</i> <i>2022</i> <i>KD</i>	<i>(Audited)</i> <i>31 December</i> <i>2021</i> <i>KD</i>	<i>30 September</i> <i>2021</i> <i>KD</i>
Cash on hand	21,875	13,461	15,746
Cash in portfolio	2,656,862	319,937	909,045
Short term deposits (Maturity within 3 months ending period)	5,743,399	301,485	302,000
Bank balances	4,556,323	6,810,709	2,417,803
	12,978,459	7,445,592	3,644,594
Less:			
Bank overdraft	-	-	(228,214)
	12,978,459	7,445,592	3,416,380

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 September 2021: KD Nil).

The effective interest rate on short term deposits was 2% to 2.7% 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 September 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 September 2022

10 TREASURY SHARES

	<i>30 September</i> 2022	<i>(Audited)</i> <i>31 December</i> <i>2021</i>	<i>30 September</i> <i>2021</i>
Number of shares	7,271,668	5,795,002	5,600,002
Percentage to issued shares (%)	4.11	3.27	3.16
Market value (KD)	938,045	869,250	879,200
Cost (KD)	1,089,964	893,031	717,335

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 2022 was 129 fils per share (31 December 2021: 139 fils per share and 30 September 2021: 124 fils per share).

During the current period ended 30 September 2022, the management of the Parent Company approved to purchase treasury shares of 17,552,000 shares by total consideration amounting to KD 3,255,050 and to sell treasury shares of 16,075,334 shares with total consideration of KD 2,984,763.

11 INSURANCE CONTRACT LIABILITIES

	<i>30 September</i> 2022 <i>KD</i>	<i>(Audited)</i> <i>31 December</i> <i>2021</i> <i>KD</i>	<i>30 September</i> <i>2021</i> <i>KD</i>
Reserve for outstanding claims	35,829,673	52,124,946	52,025,061
Reserve for unearned premiums	8,268,055	5,151,039	5,328,221
Reserve for life mathematical	1,947,708	2,027,587	2,001,468
Unearned reinsurance commission	471,600	360,327	341,651
	<u>46,517,036</u>	<u>59,663,899</u>	<u>59,696,401</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 September 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 & aviation</i>	<i>General accidents and fire</i>	<i>Motor</i>					
<i>30 September 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	387,548	1,442,216	5,179,863	7,009,627	9,474,086	1,161,400	141,622	17,786,735
Segment results	266,857	276,414	154,519	697,790	1,569,827	442,644	(1,482,644)	1,227,617
				<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				62,064,626	6,239,957	40,244,828		108,549,411
Liabilities				68,834,495	2,431,953	-		71,266,448
				<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				77,190,235	3,908,187	42,093,531		123,191,953
Liabilities				76,247,356	2,307,708	4,000,000		82,555,064

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 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 & 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 2021</i>								
Segment revenue	386,580	1,594,383	5,163,117	7,144,080	6,842,752	1,633,814	469,773	16,090,419
Segment results	267,205	501,801	1,303,084	2,072,090	(448,950)	1,633,814	(1,364,375)	1,892,579
				<i>Total general risk insurance KD</i>	<i>Life and medical insurance KD</i>	<i>Investment KD</i>		<i>Total KD</i>
Assets				73,212,192	5,761,443	40,105,037		119,078,672
Liabilities				73,101,104	4,231,249	2,228,214		79,560,567

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 September 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 September 2022 KD</i>	<i>(Audited) 31 December 2021 KD</i>	<i>30 September 2021 KD</i>
Insurance activities					
Insurance services receivable	29,465	5,767,941	5,797,406	5,096,056	5,308,035
Insurance service payable	-	760,384	760,384	733,595	730,774
Investment activities					
Financial assets available for sale	-	7,577,380	7,577,380	8,553,213	8,598,970
Financial assets at fair value through profit or loss	-	7,630,999	7,630,999	7,854,529	7,829,288
Investment in associates	-	8,140,915	8,140,915	8,076,790	7,967,435
Term deposits	-	1,450,000	1,450,000	5,171,800	6,121,800
Cash and cash equivalent	-	2,488,008	2,488,008	3,391,766	2,519,837
Other liabilities	-	5,353,763	5,353,763	3,840,259	4,850,307

Transactions included in the interim condensed consolidated statement of income:

	<i>Three months ended 30 September</i>		<i>Nine months ended 30 September</i>	
	<i>2022 KD</i>	<i>2021 KD</i>	<i>2022 KD</i>	<i>2021 KD</i>
Unrealized (loss) income of financial assets available for sale	(962,667)	71,906	(975,832)	913,720
Premiums written	290,923	238,614	1,289,454	1,240,071
Dividend income	85,259	124,885	413,202	359,248

Compensation to key management personnel:

	<i>Three months ended 30 September</i>		<i>Nine months ended 30 September</i>	
	<i>2022 KD</i>	<i>2021 KD</i>	<i>2022 KD</i>	<i>2021 KD</i>
Short term employees' benefits	141,713	164,066	657,185	698,505
Employees' end of service benefit	6,577	7,986	72,812	60,210
	<u>148,290</u>	<u>172,052</u>	<u>729,997</u>	<u>758,715</u>

15 CAPITAL COMMITMENTS AND CONTINGENCIES

	<i>30 September 2022 KD</i>	<i>(Audited) 31 December 2021 KD</i>	<i>30 September 2021 KD</i>
Letters of guarantee	558,158	6,349,293	6,359,318
Capital commitments	6,480	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 September 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 September 2021: KD 3,300,000) (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 September 2022</i>				
Financial assets at fair value through profit or loss	8,602,071	1,233,851	-	9,835,922
Financial assets available for sale	12,873,721	3,592,097	502,173	16,967,991
Total	21,475,792	4,825,948	502,173	26,803,913
	<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
Total	22,680,217	5,113,406	923,118	28,716,741

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 September 2022

16 FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

<i>As at 30 September 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	8,062,824	1,139,100	-	9,201,924
Financial assets available for sale	13,869,958	4,912,904	852,817	19,635,679
Total	21,932,782	6,052,004	852,817	28,837,603

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 67 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 50 thousand.

During the period ended 30 September 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 September 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	(420,945)	-	502,173
	923,118	(420,945)	-	502,173

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 September 2022

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 September 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	260,029	(30,906)	852,817
	<u>623,694</u>	<u>260,029</u>	<u>(30,906)</u>	<u>852,817</u>
	<u><u>623,694</u></u>	<u><u>260,029</u></u>	<u><u>(30,906)</u></u>	<u><u>852,817</u></u>