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

INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

31 MARCH 2023

Building a better working world

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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 31 March 2023, 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.

Emphasis of Matter

As disclosed in Note 1 to the interim condensed consolidated financial information, the Board of Directors of the Parent Company have decide to reissue the interim condensed consolidated financial information for the period ended 31 March 2023, which was previously approved on 15 May 2023, (the "Previously Issued Interim condensed consolidated financial information") and our review conclusion was adverse in respect of this Previously Issued Interim condensed consolidated financial information, to reflect the impact of IFRS 17 and IFRS 9 adoption in Interim Condensed Consolidated Financial Information. Furthermore, our procedures on subsequent events are restricted solely to the amendment as described in Note 1 to the interim condensed consolidated financial information. Our conclusion is not modified in respect of this matter.

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

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 2023 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 2023 that might have had a material effect on the business of the Parent Company or on its financial position.

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

30 May 2023
Kuwait

INTERIM CONDENSED CONSOLIDATED STATEMENT OF INCOME (UNAUDITED)

For the period ended 31 March 2023

	Notes	*Three months ended 31 March* **2023** **KD**	*2022* *KD* *(Restated)*
Revenue:			
Insurance revenue	4	**9,889,098**	9,331,721
Insurance service expenses	4	**(5,645,289)**	12,733,832
Insurance service result before reinsurance contracts held		**4,243,809**	22,065,553
Amounts recoverable from reinsurers for incurred claims	5	**175,259**	(17,549,155)
Net expense from reinsurance contracts held	5	**(3,705,612)**	(4,339,456)
Net expense from reinsurance contracts held		**(3,530,353)**	(21,888,611)
Insurance service result		**713,456**	176,942
Finance (expenses) income from insurance contracts issued	4	**(455,532)**	263,723
Finance income (expenses) from reinsurance contracts held	5	**296,001**	(151,816)
Net insurance financial result		**553,925**	288,849
Net investment income	6	**650,696**	739,147
Unallocated general and administrative expenses		**(432,248)**	(445,595)
Other income		**46,261**	163,607
PROFIT FOR THE PERIOD BEFORE TAXATION		**818,634**	746,008
Contribution to KFAS		**(8,279)**	(5,065)
NLST		**(19,558)**	(34,315)
Zakat		**(7,387)**	(12,483)
NET PROFIT FOR THE PERIOD		**783,410**	694,145
Attributable to:			
Equity holders of the Parent Company		**776,759**	673,381
Non-controlling interests		**6,651**	20,764
PROFIT FOR THE PERIOD		**783,410**	694,145
BASIC AND DILUTED EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY	7	**3.18 fils**	2.76 fils

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

For the period ended 31 March 2023

	Three months ended 31 March	
	2023	*2022*
	KD	*KD*
		(Restated)
Profit for the period	**783,410**	694,145
Other comprehensive (loss) income:		
Items that are or may be subsequently reclassified to interim condensed consolidated statement of income:		
Share of other comprehensive (loss) income from associates	**(4,953)**	17,008
	(4,953)	17,008
Items that will not subsequently reclassified to interim condensed consolidated statement of income:		
- Change in fair value of financial assets at FVOCI	**(10,816)**	1,067,010
	(10,816)	1,067,010
Other comprehensive (loss) income for the period	**(15,769)**	1,084,018
Total comprehensive income for the period	**767,641**	1,778,163
Attributable to:		
Equity holders of the Parent Company	**760,990**	1,757,399
Non-controlling interests	**6,651**	20,764
	767,641	1,778,163

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 31 March 2023

	Notes	***31 March 2023 KD***	*(Audited) 31 December 2022 KD (Restated)*	*31 March 2022 KD (Restated)*
ASSETS				
Cash and cash equivalent	10	**6,574,041**	6,853,248	9,403,015
Term deposits	9	**8,606,775**	6,806,775	3,971,019
Other assets		**1,973,632**	944,604	1,564,949
Insurance contract assets	4	**6,642,954**	10,610,935	11,677,318
Reinsurance contract assets	5	**30,123,918**	27,295,020	41,303,539
Investment assets		**33,010,521**	33,370,615	35,616,361
Loans secured by life insurance policies		**17,072**	17,072	22,066
Investments in associates		**8,251,428**	8,330,796	8,272,752
Property and equipment	8	**7,307,446**	7,304,970	7,263,041
TOTAL ASSETS		**102,507,787**	101,534,035	119,094,060
LIABILITIES AND EQUITY				
LIABILITIES				
Insurance contract liabilities	4	**51,940,277**	46,368,330	61,852,570
Reinsurance contract liabilities	5	**3,438,601**	3,198,638	4,778,808
Term loans		**4,000,000**	4,000,000	4,000,000
Other liabilities		**12,236,554**	10,861,239	9,494,590
Total liabilities		**71,615,432**	64,428,207	80,125,968
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	11	**(885,492)**	(1,122,737)	(1,021,103)
Treasury shares reserve		**206,990**	223,066	307,386
Cumulative changes in fair value reserve		**4,033,502**	4,563,238	8,692,473
(Accumulated deficit) / Retained earnings		**(3,658,902)**	2,252,655	(223,309)
Equity attributable to the equity holders of the Parent Company		**30,952,948**	37,173,072	39,012,297
Non-controlling interests		**(60,593)**	(67,244)	(44,205)
Total equity		**30,892,355**	37,105,828	38,968,092
TOTAL LIABILITIES AND EQUITY		**102,507,787**	101,534,035	119,094,060

Anwar Jawad Bu-Khamseen
Chairman

Sheikh / Mohammed Jarrah Sabah Al-Sabah
Vice Chairman

WARBA INSURANCE & REINSURANCE

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the period ended 31 March 2023

	Share capital KD	*Statutory reserve KD*	*General reserve KD*	*Voluntary reserve KD*	*Treasury shares KD*	*Treasury shares reserve KD*	*Cumulative changes in fair values reserve KD*	*Retained earnings/ Accumulated deficit KD*	*Sub total KD*	*Non-controlling interests KD*	*Total equity KD*
Balance as at 1 January 2023 (audited) as previously reported	17,710,846	8,781,109	4,000,000	764,895	(1,122,737)	223,066	4,563,238	3,825,624	38,746,041	(67,244)	38,678,797
Impact of initial application of IFRS 17 (Note 2.1.1)	-	-	-	-	-	-	-	(1,572,969)	(1,572,969)	-	(1,572,969)
Balance as at 1 January 2023 after application of IFRS 17 (restated)	17,710,846	8,781,109	4,000,000	764,895	(1,122,737)	223,066	4,563,238	2,252,655	37,173,072	(67,244)	37,105,828
Impact of initial application of IFRS 9 (Note 2.1.1)	-	-	-	-	-	-	(513,967)	(5,324,760)	(5,838,727)	-	(5,838,727)
Balance as at 1 January 2023 (restated)	17,710,846	8,781,109	4,000,000	764,895	(1,122,737)	223,066	4,049,271	(3,072,105)	31,334,345	(67,244)	31,267,101
Profit for the period	-	-	-	-	-	-	-	776,759	776,759	6,651	783,410
Other comprehensive loss	-	-	-	-	-	-	(15,769)	-	(15,769)	-	(15,769)
Total comprehensive (loss) income for the period	-	-	-	-	-	-	(15,769)	776,759	760,990	6,651	767,641
Cash dividends (Note 12)	-	-	-	-	-	-	-	(1,363,556)	(1,363,556)	-	(1,363,556)
Movement in treasury shares	-	-	-	-	237,245	(16,076)	-	-	221,169	-	221,169
Balance as at 31 March 2023	**17,710,846**	**8,781,109**	**4,000,000**	**764,895**	**(885,492)**	**206,990**	**4,033,502**	**(3,658,902)**	**30,952,948**	**(60,593)**	**30,892,355**
Balance as at 1 January 2022 (audited) as previously reported	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
Impact of initial application of IFRS 17 (Note 2.1.1)	-	-	-	-	-	-	-	(3,320,518)	(3,320,518)	-	(3,320,518)
Balance as at 1 January 2022 (restated)	17,710,846	8,781,109	4,000,000	764,895	(893,031)	305,756	7,608,455	(896,690)	37,381,340	(64,969)	37,316,371
Profit for the period	-	-	-	-	-	-	-	673,381	673,381	20,764	694,145
Other comprehensive income	-	-	-	-	-	-	1,084,018	-	1,084,018	-	1,084,018
Total comprehensive income for the period	-	-	-	-	-	-	1,084,018	673,381	1,757,399	20,764	1,778,163
Movement in treasury shares	-	-	-	-	(128,072)	1,630	-	-	(126,442)	-	(126,442)
Balance as at 31 March 2022	17,710,846	8,781,109	4,000,000	764,895	(1,021,103)	307,386	8,692,473	(223,309)	39,012,297	(44,205)	38,968,092

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

For the period ended 31 March 2023

	Notes	*Three months ended 31 March* **2023** **KD**	2022 KD (Restated)
OPERATING ACTIVITIES			
Profit for the period before contribution to Zakat, KFAS and NLST		**818,634**	746,008
Adjustments for:			
Depreciation of property and equipment		**56,012**	51,473
Net investment income	6	**(787,028)**	(806,997)
Provision of employees' end if service benefits		**63,343**	81,736
Foreign currency exchange difference		**1,162**	(13,573)
		152,123	58,647
Changes in operating assets and liabilities:			
Other assets		**(280,638)**	(275,595)
Reinsurance contract assets		**(2,828,898)**	(2,261,090)
Insurance contract assets		**(1,870,746)**	13,652,764
Insurance contract liabilities		**5,571,947**	(11,361,324)
Reinsurance contract liabilities		**239,963**	1,720,789
Other liabilities		**65,954**	(524,543)
Cash flows from operations		**1,049,705**	1,009,648
Employees' end if service benefits paid		**(148,465)**	(89,875)
Net cash flows from operating activities		**901,240**	919,773
INVESTING ACTIVITIES			
Movement in time deposits		**(1,800,000)**	1,517,801
Net movement of loan secured by life insurance policies		**-**	222
Net movement of treasury shares		**221,169**	(126,442)
Purchase of financial assets at fair value through profit or loss		**(61,451)**	(1,330,081)
Proceed from sale of financial assets at fair value through profit or loss		**163,642**	848,872
Purchase of property and equipment		**(58,488)**	(79,123)
Investment income received		**358,978**	206,401
Net cash flows (used in) from investing activities		**(1,176,150)**	1,037,650
FINANCING ACTIVITIES			
Cash dividends paid		**(4,297)**	-
Net cash flows used in financing activities		**(4,297)**	-
NET(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS		**(279,207)**	1,957,423
Cash and cash equivalents at 1 January		**6,853,248**	7,445,592
CASH AND CASH EQUIVALENTS AS AT 31 MARCH	10	**6,574,041**	9,403,015

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

1 ACTIVITIES

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 three months' period ended 31 March 2023 were authorized for issuance by the Board of Directors ("BOD") on 30 May 2023.

The consolidated financial statements of the Group for the year ended 31 December 2022 were approved by the shareholders of the Parent Company at the Annual General Assembly Meeting held on 26 March 2023 (Note 12).

The Group had previously issued its interim condensed consolidated financial information for the period ended 31 March 2023, which was previously approved on 15 May 2023, (the "Previously Issued Interim Condensed Consolidated Financial Information") in which the Group have followed the same accounting policies used in previous years and has not adopted IFRS 17 Insurance Contracts and IFRS 9 Financial instruments and the Group was still in the process of evaluating the effect of IFRS 17 and IFRS 9. Subsequent to that date, management finalized the effect of the new standards and has adopted IFRS 17 and IFRS 9 from 1 January 2023 using the full retrospective approach, modified retrospective approach and fair value approach, when applicable. As a result, the BOD have resolved to reissue revised interim condensed consolidated financial information for the period ended 31 March 2023. Accordingly, this revised interim condensed consolidated financial information of the Group were approved for issue by the BOD.

2 BASIS OF PREPARATION

The interim condensed consolidated financial information of the Group is prepared in accordance with International Accounting Standard (IAS 34), Interim Financial Reporting. The interim condensed consolidated financial information is presented in Kuwaiti Dinars, which is the functional 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 International Financial Reporting Standards (IFRS) and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2022. 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 2023 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2023.

2.1 New standards, interpretations and amendments adopted by the Group

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2022, except for the below.

In this interim condensed consolidated financial information, the Group has applied IFRS 17 and IFRS 9 for the first time. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

2.1.1 IFRS 17 Insurance Contracts

IFRS 17 replaces IFRS 4 Insurance Contracts for annual periods on or after 1 January 2023.

The Group has restated comparative information for 2022 applying the transitional provisions in Appendix C to IFRS 17 adopting the full retrospective approach, modified retrospective approach and fair value approach where applicable. The nature of the changes in accounting policies can be summarised, as follows:

2 BASIS OF PREPARATION (continued)

2.1 New standards, interpretations and amendments adopted by the Group (continued)

2.1.1 IFRS 17 Insurance Contracts (continued)

2.1.1.1 Changes to classification and measurement:

IFRS 17 establishes specific principles for the recognition and measurement of insurance contracts issued and reinsurance contracts held by the Group.

The key principles of IFRS 17 are that the Group:

- Identifies insurance contracts as those under which the Group accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder
- Separates specified embedded derivatives, distinct investment components and distinct goods or services other than insurance contract services from insurance contracts and accounts for them in accordance with other standards
- Divides the insurance and reinsurance contracts into groups it will recognise and measure
- Recognises and measures groups of insurance contracts at:
  - A risk-adjusted present value of the future cash flows (the fulfilment cash flows) that incorporates all available information about the fulfilment cash flows in a way that is consistent with observable market information
    Plus
  - An amount representing the unearned profit in the group of contracts (the contractual service margin or CSM)
- Recognises profit from a group of insurance contracts over each period the Group provides insurance contract services, as the Group is released from risk. If a group of contracts is expected to be onerous (i.e., loss-making) over the remaining coverage period, the Group recognises the loss immediately.
- Recognises an asset for insurance acquisition cash flows in respect of acquisition cash flows paid, or incurred, before the related group of insurance contracts is recognised. Such an asset is derecognised when the insurance acquisition cash flows are included in the measurement of the related group of insurance contracts.

Under IFRS 17, the Group's insurance contracts issued, and reinsurance contracts held are eligible to be measured by applying the Premium Allocation Approach (PAA), General Model (GM) or Variable fee approach (VFA). The PAA simplifies the measurement of insurance contracts in comparison with the General Model (GM) in IFRS 17.

The measurement principles of the PAA differ from the 'earned premium approach' used by the Group under IFRS 4 in the following key areas:

- The liability for remaining coverage (LRC) reflects premiums received less deferred insurance acquisition cash flows and less amounts recognised in revenue for insurance services provided.

- Measurement of the LRC includes an adjustment for the time value of money and the effect of financial risk where the premium due date and the related period of services are more than 12 months apart.

- Measurement of the LRC involves an explicit evaluation of risk adjustment for non-financial risk when a group of contracts is onerous in order to calculate a loss component (previously these have formed part of the unexpired risk reserve provision).

- Measurement of the liability for incurred claims (LIC) (previously outstanding claims and incurred-but-not-reported (IBNR) reserves) is determined on a discounted probability-weighted expected value basis and includes an explicit risk adjustment for non-financial risk. The liability includes the Group's obligation to pay other incurred insurance expenses.

- Measurement of the asset for remaining coverage (reflecting reinsurance premiums paid for reinsurance held) is adjusted to include a loss-recovery component to reflect the expected recovery of onerous contract losses where such contracts reinsure onerous direct contracts.

2 BASIS OF PREPARATION (continued)

2.1 New standards, interpretations and amendments adopted by the Group (continued)

2.1.1 IFRS 17 Insurance Contracts (continued)

2.1.1.1 Changes to classification and measurement (continued):

The Group has determined that the majority of its insurance contracts qualify for the simplified approach. As a result, the Group has established its policy choice to account for its insurance contracts under the Premium Allocation Approach, where eligible.

The application of the PAA model is optional. This means that if the eligibility criteria are fulfilled for a certain group of insurance contracts, an entity can choose between measuring this group of contracts under the General Model (GM) or under the PAA.

The Group has determined that contracts are eligible for the PAA if they have a coverage period of one year or less (Criteria 1) or the liability for remaining coverage would not differ materially from the liability for remaining coverage under the GM in any of the given reporting periods (Criteria 2) or if the volatility in historical expectations was low, i.e. when expectations were stable over time (Criteria 3).

The Group's classification and measurement of insurance and reinsurance contracts is explained in Note 3.

2.1.1.2 Changes to presentation and disclosure

For presentation in the interim condensed consolidated statement of financial position, the Group aggregates insurance and reinsurance contracts issued and reinsurance contracts held, respectively and presents separately:

- Portfolios of insurance and reinsurance contracts issued that are assets.
- Portfolios of insurance and reinsurance contracts issued that are liabilities.
- Portfolios of reinsurance contracts held that are assets.
- Portfolios of reinsurance contracts held that are liabilities.

The portfolios referred to above are those established at initial recognition in accordance with the IFRS 17 requirements.

Portfolios of insurance contracts issued include any assets for insurance acquisition cash flows.

The line-item descriptions in the interim condensed consolidated statement of profit or loss and interim condensed consolidated statement of other comprehensive income have been changed significantly compared with last year. As follows:

Previously reported under IFRS 4:	IFRS 17 requires separate presentation of:
• Gross written premiums	• Insurance revenue
• Net written premiums	• Insurance service expenses
• Changes in premium reserves	• Insurance finance income or expenses
• Gross insurance claims	• Income or expenses from reinsurance contracts held
• Net insurance claims	

2.1.1.3 Transition

On transition date, 1 January 2022, the Group:

- Has identified, recognised and measured each group of insurance contracts as if IFRS 17 had always applied.
- Has identified, recognised and measured assets for insurance acquisition cash flows as if IFRS 17 has always applied. However. at transition date, a recoverability assessment was performed, and no impairment loss was identified.
- Derecognised any existing balances that would not exist had IFRS 17 always applied.
- Recognised any resulting net difference in equity.

2 BASIS OF PREPARATION (continued)

2.1 New standards, interpretations and amendments adopted by the Group (continued)

2.1.1 IFRS 17 Insurance Contracts (continued)

2.1.1.3 Transition (continued)

Full retrospective approach

On transition to IFRS 17, the Group has applied the full retrospective approach unless impracticable. The Group has applied the full retrospective approach on transition to all contracts issued on or after 1 January 2021.

Fair valuation approach

The Group has applied the fair value approach on transition for certain groups of term-life contracts as, prior to transition, it grouped contracts from multiple cohorts and years into a single unit for accounting purposes. Obtaining reasonable and supportable information to apply the full retrospective approach was impracticable without undue cost or effort. The Group has determined the CSM of the liability for remaining coverage at the transition date, as the difference between the fair value of the group of insurance contracts and the fulfilment cash flows measured at that date.

The Group has aggregated contracts issued more than one year apart in determining groups of insurance contracts under the fair value approach at transition as it did not have reasonable and supportable information to aggregate groups into those including only contracts issued within one year.

For the application of the fair value approach, the Group has used reasonable and supportable information available at the transition date in order to:

• Identify groups of insurance contracts
• Determine whether any contracts are direct participating insurance contracts
• Identify any discretionary cash flows for insurance contracts without direct participation features.

The discount rate for the group of contracts applying the fair value approach was determined at the transition date. Therefore, for the measurement of fulfilment cash flows at the date of transition, the locked-in discount rate is the weighted average of the rates applicable at the date of initial recognition of contracts that joined a group over a 12-month period. The discount rate used for accretion of interest on the CSM is determined using the bottom-up approach at inception.

Bottom-up approach is operationally simpler given most insurance contract cash-flows do not vary based on returns on underlying items. As a result, the yield curve used to discount insurance contracts will be based on a risk-free rate and an illiquidity premium.

The Group estimates that, on adoption of IFRS 17, the impact of these changes is as follows:

	Impact on equity for the year ended 31December 2021 *KD*	Impact on equity for the year ended 31 December 2022 *KD*
Change in liabilities	(2,794,315)	(1,575,910)
Risk adjustment	(401,704)	(330,982)
Deferred acquisition cost	460,872	113,989
Discounting impact	(191,226)	662,083
Contractual Service Margin	(279,739)	(394,621)
Others	(114,406)	(47,528)
	(3,320,518)	(1,572,969)

2 BASIS OF PREPARATION (continued)

2.1 New standards, interpretations and amendments adopted by the Group (continued)

2.1.2 *IFRS 9 Financial Instruments*

IFRS 9 replaced IAS 39 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 January 2018. However, the Group elected, under the amendments to IFRS 4, to apply the temporary exemption from IFRS 9, thereby deferring the initial application date of IFRS 9 to align with the initial application of IFRS 17.

The Group has applied IFRS 9 using the modified retrospective approach and accordingly, the comparative periods have not been restated for the financial instruments within the scope of IFRS 9. Differences arising from the adoption of IFRS 9 were recognised in retained earnings as of 1 January 2023.

The nature of the changes in accounting policies can be summarised, as follows:

2.1.2.1 Changes to classification and measurement

To determine their classification and measurement category, IFRS 9 requires all financial assets, except equity instruments and derivatives, to be assessed based on a combination of the Group's business model for managing the assets and the instruments' contractual cash flow characteristics.

Business model assessment

The Group determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective. That is, whether the Group's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of 'Sell' business model. The Group's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed;
- How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected)

The expected frequency, value and timing of sales are also important aspects of the Group's assessment.

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Group's original expectations, the Group does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

Assessment of whether contractual cashflows are solely payments of principal and interest (SPPI test)

The Group assesses whether the financial instruments' cash flows represent Solely Payments of Principal and Interest (the 'SPPI test').

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition that may change over the life of the financial asset (for example, if there are repayments of principal or amortisation of the premium/discount).

The most significant elements of profit within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Group applies judgement and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the profit rate is set.

2 BASIS OF PREPARATION (continued)

2.1 New standards, interpretations and amendments adopted by the Group (continued)

2.1.2 *IFRS 9 Financial Instruments (continued)*

2.1.2.1 Changes to classification and measurement (continued)

Assessment of whether contractual cashflows are solely payments of principal and interest (SPPI test) (continued)

In contrast, contractual terms that introduce a more than de minimis exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are solely payments of principal and profit on the amount outstanding. In such cases, the financial asset is required to be measured at FVTPL.

The Group reclassifies when and only when its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change. Such changes are expected to be very infrequent.

Measurement categories of financial assets and liabilities

The IAS 39 measurement categories of financial assets (fair value through profit or loss (FVTPL), available for sale (AFS), held-to-maturity and amortised cost) have been replaced by:

- Debt instruments at amortised cost
- Debt instruments at fair value through other comprehensive income (FVOCI), with gains or losses recycled to profit or loss on derecognition
- Equity instruments at FVOCI, with no recycling of gains or losses to profit or loss on derecognition
- Financial assets at FVTPL

The accounting for financial liabilities remains largely the same as it was under IAS 39, except for the treatment of gains or losses arising from an entity's own credit risk relating to liabilities designated at FVTPL. Such movements are presented in other comprehensive income with no subsequent reclassification to the interim condensed consolidated statement of income.

Under IFRS 9, embedded derivatives are no longer separated from a host financial asset. Instead, financial assets are classified based on the business model and their contractual terms. The accounting for derivatives embedded in financial liabilities and in non-financial host contracts has not changed.

Debt instruments at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions:

- The asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

Debt instruments measured at amortised cost are subsequently measured at amortised cost using the effective yield method adjusted for impairment losses, if any.

Equity instruments at FVOCI

Upon initial recognition, the Group may elect to classify irrevocably some of its equity investments as equity instruments at FVOCI when they meet the definition of Equity under IAS 32 Financial Instruments: Presentation and are not held for trading. Such classification is determined on an instrument-by- instrument basis.

Gains and losses on these equity instruments are never recycled to the interim condensed consolidated statement of income. Dividends are recognised in interim condensed consolidated statement of income when the right of the payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the instrument, in which case, such gains are recorded in other comprehensive income. Equity instruments at FVOCI are not subject to an impairment assessment. Upon disposal cumulative gains or losses are reclassified from fair value reserve to retained earnings in the interim condensed consolidated statement of changes in equity. The management classifies certain equity investments at FVOCI and are separately disclosed in the interim condensed consolidated statement of financial position.

2 BASIS OF PREPARATION (continued)

2.1 New standards, interpretations and amendments adopted by the Group (continued)

2.1.2 *IFRS 9 Financial Instruments (continued)*

2.1.2.1 Changes to classification and measurement (continued)

Measurement categories of financial assets and liabilities (continued)

Financial assets at FVTPL
The Group classifies financial assets fair value through profit and loss when they have been purchased or issued primarily for short-term profit making through trading activities or form part of a portfolio of financial instruments that are managed together, for which there is evidence of a recent pattern of short-term profit taking. Held-for-trading assets are recorded and measured in the interim condensed consolidated statement of financial position at fair value. In addition, on initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Changes in fair values and dividends are recorded in interim condensed consolidated statement of income according to the terms of the contract, or when the right to payment has been established.

Included in this classification are certain equity securities that have been acquired principally for the purpose of selling or repurchasing in the near term and certain debt instruments that failed the SPPI test.

2.1.2.2 Impairment of financial assets
The Group previously recognized impairment losses on financial assets based on incurred loss model, under IAS 39. IFRS 9 replaces the ‘incurred loss’ model in IAS 39 with an ‘expected credit loss’ model. The adoption of IFRS 9 has fundamentally changed the Group’s accounting for impairment losses for financial assets by replacing IAS 39’s incurred loss approach with a forward-looking expected credit loss (ECL) approach.

For the Group’s financial assets, the management has applied the standard’s simplified approach and has determined lifetime expected credit losses on these instruments. The management has established a provision matrix that is based on the Group’s historical credit loss experience, adjusted for forward-looking factors specific to the counter parties and the economic environment.

The management considers a financial asset in default when the contractual payments are passing the default point. However, in certain cases, the management may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full.

The adoption of the ECL requirements of IFRS 9 has resulted in change of impairment allowances in respect of the Group’s debt instruments. The increase in allowance was adjusted to retained earnings.

Hedge accounting
The general hedge accounting requirements of IFRS 9 aim to simplify hedge accounting, creating a stronger link with risk management strategy and permitting hedge accounting to be applied to a greater variety of hedging instruments and risks. The adoption of general hedge accounting requirements of IFRS 9 does not result in any change in accounting policies of the Group and does not have any material effect on the Group’s interim condensed consolidated financial information.

2.1.2.3 Transition impact

The impact of this change in accounting policy as at 1 January 2023 has resulted in an decrease in retained earnings by KD 5,324,760 and a decrease in the cumulative changes in fair value by KD 513,967 as follows:

2 BASIS OF PREPARATION (continued)

2.1 New standards, interpretations and amendments adopted by the Group (continued)

2.1.2 *IFRS 9 Financial Instruments (continued)*

2.1.2.3 Transition impact

	Retained earnings KD	*Cumulative changes in fair value KD*
Closing balance under IAS 39 (31 December 2022)	2,252,655	4,563,238
Impact on reclassification and re-measurements of financial assets:		
Quoted bonds	(395,600)	395,600
Unquoted equity investments	797,587	(797,587)
Unquoted bonds	111,980	(111,980)
Impact on recognition of Expected Credit Losses on financial assets:		
Allowance for impairment of trade receivables based on Expected Credit Loss model	(5,838,727)	-
Opening balance under IFRS 9 on date of initial application as of 1 January 2023	(3,072,105)	4,049,271

The following table shows reconciliation of original measurement categories and carrying value in accordance with IAS 39 and the new measurement categories under IFRS 9 for the Group's financial assets and financial liabilities as at 1 January 2023.

	Original classification under IAS 39	*Original carrying amount under IAS 39 KD*	*New classification under IFRS 9*	*Re-measurement /ECL / others KD*	*New carrying amount under IFRS 9 KD*
Quoted equity investments	AFS	12,297,580	FVOCI	-	12,297,580
Bonds	AFS	8,895,323	FVTPL	(395,600)	8,895,323
Unquoted equity investments	AFS	603,569	FVOCI	797,587	603,569
Bonds	FVTPL	438,601	FVOCI	111,980	438,601
Bonds	FVTPL	7,592,084	FVTPL	-	7,481,051
Quoted equity investments	FVTPL	2,130,762	FVTPL	-	2,130,762
Managed funds	FVTPL	1,412,696	FVTPL	-	1,412,696
Insurance and reinsurance receivable	Receivable	10,610,935	Insurance contract assets	(5,838,727)	4,772,208

2.2 STANDARDS ISSUED BUT NOT YET EFFECTIVE

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

3 INSURANCE AND REINSURANCE CONTRACTS

3.1 Classification
The Group issues insurance contracts in the normal course of business, under which it accepts significant insurance risk from its policyholders. As a general guideline, the Group determines whether it has significant insurance risk, by comparing benefits payable after an insured event with benefits payable if the insured event did not occur. Insurance contracts can also transfer financial risk.

The Group issues the following products

- non-life insurance to individuals and businesses. Non-life insurance products offered include but not limited to, property, marine, and personal accident. These products offer protection of policyholder's assets and indemnification of other parties that have suffered damage as a result of a policyholder's accident.
- annuity contracts and term life contracts with a surrender value.

The Group also issues reinsurance contracts in the normal course of business to compensate other entities for claims arising from one or more insurance contracts issued by those entities.

3.2 Separating components from insurance and reinsurance contracts
The Group assesses its non-life insurance and reinsurance products to determine whether they contain distinct components which must be accounted for under another IFRS instead of under IFRS 17. After separating any distinct components, the Group applies IFRS 17 to all remaining components of the (host) insurance contract. Currently, the Group's products do not include any distinct components that require separation.

3.3 Level of Aggregation
IFRS 17 requires the Group to determine the level of aggregation for applying its requirements.

The level of aggregation for the Group is determined firstly by dividing the business written into portfolios. Portfolios comprise groups of contracts with similar risks which are managed together.

The Group applied a full retrospective approach and modified retrospective approach when applicable for transition to IFRS 17. The portfolios are further divided by year of issue and profitability for recognition and measurement purposes. Hence, within each year of issue, portfolios of contracts are divided into two groups, as follows:
(i) any contracts that are onerous on initial recognition;
(ii) any remaining contracts in the portfolio.

The profitability of groups of contracts is assessed by actuarial valuation models that take into consideration existing and new business. The Group assumes that no contracts in the portfolio are onerous at initial recognition unless facts and circumstances indicate otherwise. For contracts that are not onerous, the Group assesses, at initial recognition, that there is no significant possibility of becoming onerous subsequently by assessing the likelihood of changes in applicable facts and circumstances. The Group considers facts and circumstances to identify whether a group of contracts are onerous based on:
- Pricing information
- Results of similar contracts it has recognised
- Environmental factors, e.g., a change in market experience or regulations

The Group divides portfolios of reinsurance contracts held applying the same principles set out above, except that the references to onerous contracts refer to contracts on which there is a net gain on initial recognition. For some groups of reinsurance contracts held, a group can comprise a single contract.

3 INSURANCE AND REINSURANCE CONTRACTS (continued)

3.4 Recognition

The Group recognises groups of insurance contracts it issues from the earliest of the following:

- The beginning of the coverage period of the group of contracts
- The date when the first payment from a policyholder in the group is due or when the first payment is received if there is no due date.
- For a group of onerous contracts, if facts and circumstances indicate that the group is onerous.

The Group recognises a group of reinsurance contracts held it has entered into from the earlier of the following:

- The beginning of the coverage period of the group of reinsurance contracts held. (However, the Group delays the recognition of a group of reinsurance contracts held that provide proportionate coverage until the date any underlying insurance contract is initially recognised, if that date is later than the beginning of the coverage period of the group of reinsurance contracts held, and
- The date the Group recognises an onerous group of underlying insurance contracts if the Group entered into the related reinsurance contract held in the group of reinsurance contracts held at or before that date.

The Group adds new contracts to the group in the reporting period in which that contract meets one of the criteria set out above.

3.5 Contract boundary

The Group includes in the measurement of a group of insurance contracts all the future cash flows within the boundary of each contract in the group. Cash flows are within the boundary of an insurance contract if they arise from substantive rights and obligations that exist during the reporting period in which the Group can compel the policyholder to pay the premiums, or in which the Group has a substantive obligation to provide the policyholder with insurance contract services. A substantive obligation to provide insurance contract services ends when:

- The Group has the practical ability to reassess the risks of the policyholder and, as a result, can set a price or level of benefits that fully reflects those risks.

Or Both of the following criteria are satisfied:

- The Group has the practical ability to reassess the risks of the portfolio of insurance contracts that contain the contract and, as a result, can set a price or level of benefits that fully reflects the risk of that portfolio
- The pricing of the premiums up to the date when the risks are reassessed does not take into account the risks that relate to periods after the reassessment date

A liability or asset relating to expected premiums or claims outside the boundary of the insurance contract is not recognised. Such amounts relate to future insurance contracts.

3.6 Insurance contracts- Initial and subsequent measurement

3.6.1 Initial measurement

The Group applies the premium allocation approach (PAA) to all the insurance contracts that it issues and reinsurance contracts that it holds, as:

- The coverage period of each contract in the group is one year or less, including insurance contract services arising from all premiums within the contract boundary. Or

- For contracts longer than one year, the Group has modelled possible future scenarios and reasonably expects that the measurement of the liability for remaining coverage for the group containing those contracts under the PAA does not differ materially from the measurement that would be produced applying the general model. In assessing materiality, the Group has also considered qualitative factors such as the nature of the risk and types of its lines of business.

3 INSURANCE AND REINSURANCE CONTRACTS (continued)

3.6 Insurance contracts- Initial and subsequent measurement (continued)

3.6.1 Initial measurement (continued)

For a group of contracts that is not onerous at initial recognition, the Group measures the liability for remaining coverage as:

- The premiums, if any, received at initial recognition
- Minus any insurance acquisition cash flows at that date, with the exception of contracts which are one year or less where this is expensed,
- Plus or minus any amount arising from the derecognition at that date of the asset recognised for insurance acquisition cash flows and
- Any other asset or liability previously recognised for cash flows related to the group of contracts that the Group pays or receives before the group of insurance contracts is recognised.

3.6.2 Subsequent measurement

The Group measures the carrying amount of the liability for remaining coverage at the end of each reporting period as the liability for remaining coverage at the beginning of the period:

- Plus premiums received in the period
- Minus insurance acquisition cash flows
- Plus any amounts relating to the amortisation of the insurance acquisition cash flows recognised as an expense in the reporting period for the group
- Plus any adjustment to the financing component, where applicable
- Minus the amount recognised as insurance revenue for the services provided in the period
- Minus any investment component paid or transferred to the liability for incurred claims

The Group estimates the liability for incurred claims as the fulfilment cash flows related to incurred claims. The fulfilment cash flows incorporate, in an unbiased way, all reasonable and supportable information available without undue cost or effort about the amount, timing and uncertainty of those future cash flows, they reflect current estimates from the perspective of the Group and include an explicit adjustment for non-financial risk (the risk adjustment). The Group does not adjust the future cash flows for the time value of money and the effect of financial risk for the measurement of liability for incurred claims that are expected to be paid within one year of being incurred.

Where, during the coverage period, facts and circumstances indicate that a group of insurance contracts is onerous, the Group recognises a loss in profit or loss for the net outflow, resulting in the carrying amount of the liability for the group being equal to the fulfilment cash flows. A loss component is established by the Group for the liability for remaining coverage for such onerous group depicting the losses recognised.

Insurance acquisition cash flows are allocated on a straight-line basis as a portion of premium to profit or loss (through insurance revenue).

3.7 Reinsurance contracts- Initial and subsequent measurement

3.7.1 Initial measurement

The Group measures its reinsurance assets for a group of reinsurance contracts that it holds on the same basis as insurance contracts that it issues. However, they are adapted to reflect the features of reinsurance contracts held that differ from insurance contracts issued, for example the generation of expenses or reduction in expenses rather than revenue. Where the Group recognises a loss on initial recognition of an onerous group of underlying insurance contracts or when further onerous underlying insurance contracts are added to a group, the Group establishes a loss-recovery component of the asset for remaining coverage for a group of reinsurance contracts held depicting the recovery of losses.

The Group calculates the loss-recovery component by multiplying the loss recognised on the underlying insurance contracts and the percentage of claims on the underlying insurance contracts the Group expects to recover from the group of reinsurance contracts held. The Group uses a systematic and rational method to determine the portion of losses recognised on the group to insurance contracts covered by the group of reinsurance contracts held where some contracts in the underlying group are not covered by the group of reinsurance contracts held. The loss-recovery component adjusts the carrying amount of the asset for remaining coverage.

3 INSURANCE AND REINSURANCE CONTRACTS (continued)

3.7 Reinsurance contracts- Initial and subsequent measurement

3.7.2 Subsequent measurement

The subsequent measurement of reinsurance contracts held follows the same principles as those for insurance contracts issued and has been adapted to reflect the specific features of reinsurance held. Where the Group has established a loss-recovery component, the Group subsequently reduces the loss-recovery component to zero in line with reductions in the onerous group of underlying insurance contracts in order to reflect that the loss-recovery component shall not exceed the portion of the carrying amount of the loss component of the onerous group of underlying insurance contracts that the entity expects to recover from the group of reinsurance contracts held.

3.8. Insurance acquisition cash flows

Insurance acquisition cash flows arise from the costs of selling, underwriting and starting a group of insurance contracts (issued or expected to be issued) that are directly attributable to the portfolio of insurance contracts to which the group belongs.

All acquisition costs are to be deferred. The Group uses a systematic and rational method to allocate:
(a) Insurance acquisition cash flows that are directly attributable to a group of insurance contracts:

- to that group; and
- to groups that include insurance contracts that are expected to arise from the renewals of the insurance contracts in that group.

(b) Insurance acquisition cash flows directly attributable to a portfolio of insurance contracts that are not directly attributable to a group of contracts, to groups in the portfolio.

Where insurance acquisition cash flows have been paid or incurred before the related group of insurance contracts is recognised in the condensed consolidated statement of financial position, a separate asset for insurance acquisition cash flows is recognised for each related group.

If an impairment loss is recognised, the carrying amount of the asset is adjusted and an impairment loss is recognised in profit or loss.

The Group recognises in profit or loss a reversal of some or all of an impairment loss previously recognised and increases the carrying amount of the asset, to the extent that the impairment conditions no longer exist or have improved.

3.9 Insurance revenue

The insurance revenue for the period is the amount of expected premium receipts (excluding any investment component) allocated to the period. The Group allocates the expected premium receipts to each period of insurance contract services on the basis of the passage of time. But if the expected pattern of release of risk during the coverage period differs significantly from the passage of time, then the allocation is made on the basis of the expected timing of incurred insurance service expenses. The Group changes the basis of allocation between the two methods above as necessary, if facts and circumstances change. The change is accounted for prospectively as a change in accounting estimate. For the periods presented, all revenue has been recognised on the basis of the passage of time.

3.10 Insurance finance income and expense

Insurance finance income or expenses comprise the change in the carrying amount of the group of insurance contracts arising from:

- The effect of the time value of money and changes in the time value of money; and
- The effect of financial risk and changes in financial risk.

The Group allocate insurance finance income or expenses on insurance contracts issued to profit or loss. The impact of changes in market interest rates on the value of the insurance assets and liabilities are reflected in P&L in order to minimise accounting mismatches between the accounting for financial assets and insurance assets and liabilities.

3 INSURANCE AND REINSURANCE CONTRACTS (continued)

3.11 Net income or expense from reinsurance contracts held

The Group presents separately on the face of the interim condensed consolidated statement of profit or loss, the amounts expected to be recovered from reinsurers, net of allocation of the reinsurance premiums paid. The Group treats reinsurance cash flows that are contingent on claims on the underlying contracts as part of the claims that are expected to be reimbursed under the reinsurance contract held and excludes investment components and commissions from an allocation of reinsurance premiums presented on the face of the interim condensed consolidated statement of profit or loss.

4 INSURANCE CONTRACT ASSETS/LIABILITIES

31 March 2023	*Liability for Remaining Coverage KD*	*Liability for Incurred claims KD*	***Total KD***
Insurance contracts liabilities as at 1 January 2023	(14,694,337)	(30,116,672)	**(44,811,009)**
Insurance contracts assets at 1 January 2023	4,772,208	-	**4,772,208**
Insurance contracts liabilities at beginning of period	**(9,922,129)**	**(30,116,672)**	**(40,038,801)**
Insurance revenue	9,915,891	-	**9,915,891**
Incurred claims and other directly attributable expenses	-	(5,513,394)	**(5,513,394)**
Other pre-recognition cash flows assets derecognised at the date of initial recognition	(570,388)	-	**(570,388)**
Changes that relate to past service-Changes in FCF relating to LIC	-	383,638	**383,638**
Insurance service expenses	(570,388)	(5,129,756)	**(5,700,144)**
Insurance service result	**9,345,503**	**(5,129,756)**	**4,215,747**
Finance expenses from insurance contracts issued recognised in income statement	-	(382,691)	**(382,691)**
Total amounts recognized in profit or loss	**9,345,503**	**(5,512,447)**	**3,833,056**
Cash Flows:			
Premium received	(14,199,475)	-	**(14,199,475)**
Claims and other directly attributable expenses paid	-	5,440,400	**5,440,400**
Insurance acquisition cash flows	259,199	1,048,656	**1,307,855**
Total cash flows	(13,940,276)	6,489,056	**(7,451,220)**
Insurance contract liabilities as at 31 March 2023	(14,516,902)	(29,140,063)	**(43,656,965)**
Insurance contract liabilities as at 31 March 2023	(21,159,856)	(29,140,063)	**(50,299,919)**
Insurance contract assets as at 31 March 2023	6,642,954	-	**6,642,954**
Insurance contract liabilities as at 31 March 2023	(14,516,902)	(29,140,063)	**(43,656,965)**

4 INSURANCE CONTRACT ASSETS/LIABILITIES (continued)

Reconciliation of measurement component of insurance contract balances not measured under the PAA

31 March 2023	*Present Value of Future Cash Flows KD*	*Risk adjustment for non-financial risk KD*	*CSM KD*	***Total KD***
Insurance contracts liabilities as at 1 January 2023	(1,109,713)	(52,987)	(394,621)	(1,557,321)
Insurance contracts liabilities as at 1 January 2023	(1,109,713)	(52,987)	(394,621)	(1,557,321)
Changes that relate to current service:				
Changes in the risk adjustment for non-financial risk for the risk expired	-	1,157	-	1,157
Contractual service margin recognized for service provided	-	-	28,680	28,680
Experience adjustments-relating to insurance service expenses	(49,281)	(2,849)	-	(52,130)
Changes that relate to future service:				
Changes in estimates that adjust the CSM	92,298	11,350	(103,648)	-
Changes in estimate that results in onerous contract losses or reversal of such losses	(916)	1,161	-	245
Contracts initially recognised in the period	-	-	-	-
Experience adjustments-arising from premiums received in the period that relate to future service	-	-	-	-
Changes that relate to past service:				
Changes that relate to past service - adjusting to LFIC	48,124	1,986	-	50,110
Insurance service result	90,225	12,805	(74,968)	28,062
Finance expenses from insurance contracts issued	(69,144)	-	(3,697)	(72,841)
Total amounts recognised in profit or loss	21,081	12,805	(78,665)	(44,779)
Cash Flows:				
Premium received	(38,258)	-	-	(38,258)
Total cash flows	(38,258)	-	-	(38,258)
Insurance contracts liabilities at 31 March 2023	(1,126,890)	(40,182)	(473,286)	(1,640,358)
Insurance contract liabilities at 31 March 2023	(1,126,890)	(40,182)	(473,286)	(1,640,358)
Insurance contract liabilities at 31 March 2023	(1,126,890)	(40,182)	(473,286)	(1,640,358)

4 INSURANCE CONTRACT ASSETS/LIABILITIES (continued)

31 March 2022 (restated)	*Liability for Remaining Coverage KD*	*Liability for Incurred claims KD*	*Total KD*
Insurance contracts liabilities as at 1 January 2022	(15,286,375)	(57,088,633)	(72,375,008)
Insurance contracts assets as at 1 January 2022	10,496,508	-	10,496,508
Insurance contracts liabilities as at 1 January 2022	(4,789,867)	(57,088,633)	(61,878,500)
Insurance revenue	9,193,787	-	9,193,787
Incurred claims and other directly attributable expenses	-	12,868,792	12,868,792
Other pre-recognition cash flows assets derecognised at the date of initial recognition	(450,235)	-	(450,235)
Changes that relate to past service-Changes in FCF relating to LIC	-	441,708	441,708
Insurance service expenses	(450,235)	13,310,500	12,860,265
Insurance service result	8,743,552	13,310,500	22,054,052
Finance income from insurance contracts	(115,699)	263,723	148,024
Total amounts recognized in profit or loss	8,627,853	13,574,223	22,202,076
Cash Flows:			
Premium received	(11,863,972)	-	(11,863,972)
Claims and other directly attributable expenses paid	-	1,370,627	1,370,627
Insurance acquisition cash flows	572,902	1,254,511	1,827,413
Total cash flows	(11,291,070)	2,625,138	(8,665,932)
Insurance contracts liabilities as at 31 March 2022	(7,453,084)	(40,889,272)	(48,342,356)
Insurance contracts liabilities as at 31 March 2022	(19,130,402)	(40,889,272)	(60,019,674)
Insurance contracts assets as at 31 March 2022	11,677,318	-	11,677,318
Insurance contracts liabilities as at 31 March 2022	(7,453,084)	(40,889,272)	(48,342,356)

4 INSURANCE CONTRACT ASSETS/LIABILITIES (continued)

Reconciliation of measurement component of insurance contract balances not measured under the PAA

31 March 2022 (restated)	*Present Value of Future Cash Flows* *KD*	*Risk adjustment for non-financial risk* *KD*	*CSM* *KD*	*Total* *KD*
Insurance contracts liabilities at 1 January 2022	(1,569,781)	(69,649)	(279,739)	(1,919,169)
Insurance contracts liabilities at 1 January 2022	(1,569,781)	(69,649)	(279,739)	(1,919,169)
Changes that relate to current service				
Changes in the risk adjustment for non-financial risk for the risk expired	-	299	-	299
Contractual service margin recognized for service Provided	-	-	2,579	2,579
Experience adjustments-relating to insurance service expenses	(29,857)	(1,885)	-	(31,742)
Changes that relate to future service				
Changes in estimates that adjust the CSM	(24,011)	5,130	18,881	-
Changes in estimate that results in onerous contract losses or reversal of such losses	40,679	(1,776)	-	38,903
Changes that relate to past service:				
Changes that relate to past service - adjusting to LFIC	69	1,393	-	1,462
Insurance service result	(13,120)	3,161	21,460	11,501
Finance expenses from insurance contracts issued	118,325	-	(2,626)	115,699
Total amounts recognised in profit or loss	105,205	3,161	18,834	127,200
Cash Flows:				
Premium received	(72,765)	-	-	(72,765)
Claims and other directly attributable expenses paid	31,838	-	-	31,838
Insurance acquisition cash flows	-	-	-	-
Total cash flows	(40,927)	-	-	(40,927)
Insurance contracts liabilities at 31 March 2022	(1,505,503)	(66,488)	(260,905)	(1,832,896)
Insurance contracts liabilities at 31 March 2022	(1,505,503)	(66,488)	(260,905)	(1,832,896)
Insurance contracts liabilities as at 31 March 2022	(1,505,503)	(66,488)	(260,905)	(1,832,896)

5 REINSURANCE CONTRACTS (ASSETS) LIABILITIES

31 March 2023	*Reinsurance remaining coverage KD*	*Reinsurance incurred claims KD*	***Total KD***
Reinsurance contracts assets as at 1 January 2023	5,183,483	22,111,537	**27,295,020**
Reinsurance contracts liabilities as at 1 January 2023	(3,198,638)	-	**(3,198,638)**
Reinsurance contracts asset as at 1 January 2023	1,984,845	22,111,537	**24,096,382**
Reinsurance expenses	(3,705,612)	-	**(3,705,612)**
Other Incurred directly attributable expenses	-	(51,361)	**(51,361)**
Incurred claims recovery	-	904,147	**904,147**
Changes that relate to past service-changes in the FCF relating to incurred claims recovery	-	(677,527)	**(677,527)**
Net (expense) income from reinsurance contracts held	(3,705,612)	175,259	**(3,530,353)**
Finance income from reinsurance contracts held	-	296,001	**296,001**
Total amounts recognised in profit or loss	(3,705,612)	471,260	**(3,234,352)**
Cash Flows:			
Premiums paid net of ceding commissions and other directly attributable expenses	7,237,756	51,361	**7,289,117**
Recoveries from reinsurance	-	(1,465,830)	**(1,465,830)**
Total cash flows	7,237,756	(1,414,469)	**5,823,287**
Reinsurance contracts asset as at 31 March 2023	5,516,989	21,168,328	**26,685,317**
Reinsurance contracts assets as at 31 March 2023	8,955,590	21,168,328	**30,123,918**
Reinsurance contracts liabilities as at 31 March 2023	(3,438,601)	-	**(3,438,601)**
Reinsurance contracts assets as at 31 March 2023	5,516,989	21,168,328	**26,685,317**

5 REINSURANCE CONTRACTS (ASSETS) LIABILITIES (continued)

31 March 2022 (restated)	*Reinsurance Remaining Coverage KD*	*Reinsurance Incurred claims KD*	*Total KD*
Reinsurance contracts assets as at 1 January 2022	5,012,240	49,944,065	54,956,305
Reinsurance contracts liabilities as at 1 January 2022	(3,058,019)	-	(3,058,019)
Reinsurance contracts assets 1 January 2022	1,954,221	49,944,065	51,898,286
Reinsurance expenses	(4,339,456)	-	(4,339,456)
Other incurred directly attributable expenses		(43,226)	(43,226)
Incurred claims recovery	-	1,130,230	1,130,230
Changes that relate to past service-changes in the FCF relating to incurred claims recovery	-	(18,636,159)	(18,636,159)
Net expense from reinsurance contracts held	(4,339,456)	(17,549,155)	(21,888,611)
Finance expense from reinsurance contracts held	-	(151,816)	(151,816)
Total amounts recognised in profit or loss	(4,339,456)	(17,700,971)	(22,040,427)
Cash Flows:			
Premiums paid net of ceding commissions and other directly attributable expenses	6,722,529	-	6,722,529
Recoveries from reinsurance	-	(55,657)	(55,657)
Total cash flows	6,722,529	(55,657)	6,666,872
Reinsurance contracts assets as at 31 March 2022	4,337,294	32,187,437	36,524,731
Reinsurance contracts assets as at 31 March 2022	9,116,102	32,187,437	41,303,539
Reinsurance contracts liabilities as at 31 March 2022	(4,778,808)	-	(4,778,808)
Reinsurance contracts assets as at 31 March 2022	4,337,294	32,187,437	36,524,731

6 NET INVESTMENT INCOME / EXPENSE

	Three months ended 31 March	
	2023	*2022 restated*
	KD	*KD*
Dividend income	**707,999**	466,647
Interest income	**219,469**	123,566
Unrealized (loss) gain of financial assets at fair value through profit or loss	**(258,508)**	20,848
Realized gain from sale of financial assets at fair value through profit or loss	**12,582**	16,983
Share of results of associates	**105,486**	178,953
	787,028	806,997
Investment expense	**(136,332)**	(67,850)
	650,696	739,147

7 BASIC AND DILUTED EARNINGS PER SHARE

Basic and diluted earnings per share are calculated by dividing profit for the period attributable to equity holders of the Parent Company by the weighted average number of ordinary shares, less treasury shares, outstanding during the period.

	Three months ended 31 March	
	2023	*2022 Restated*
	KD	*KD*
Profit for the period attributable to the equity holders of the Parent Company (KD)	**776,759**	673,381
Weighted average number of ordinary shares outstanding during the period (excluding treasury shares) (shares)	**243,895,000**	243,695,421
Earnings per share	**3.18 fils**	2.76 fils

Earning per share calculation for the period ended 31 March 2023 and 31 March 2022 have been adjusted to take account of the bonus shares proposed to be issued in 2023.

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

8 PROPERTY AND EQUIPMENT

The Group's land and building with a net carrying value of KD 775,000 (31 December 2022 KD: 775,000 and 31 March 2022: KD 1,189,895) are under lien to the Insurance Regulatory Unit (IRU).

9 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 1,800,000 held in State of Kuwait under lien to the Insurance Regulatory Unit (IRU) in accordance with insurance regulations of State of Kuwait (31 December 2022: KD 1,800,000 and 31 March 2022: KD 3,350,000).

The effective interest rate on term deposits was 5.7% to 5.8% per annum (31 December 2022: 5.19% to 5.7% and 31 March 2022: 1.75% to 2.00%).

10 CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the interim condensed consolidated statement of cash flows include the following balances:

	31 March 2023 KD	*(Audited) 31 December 2022 KD*	*31 March 2022 KD*
Cash on hand	**11,159**	25,194	18,923
Cash in portfolio	**524,946**	180,447	820,440
Short term deposits (Maturity within 3 months ending period)	**-**	1,800,000	1,519,000
Bank balances	**6,037,936**	4,847,607	7,044,652
	6,574,041	6,853,248	9,403,015

The effective interest rate on short term deposits was Nil% per annum (31 December 2022: 2.125% and 31 March 2022: 1.10% to 1.25%).

11 TREASURY SHARES

	31 March 2023	*(Audited) 31 December 2022*	*31 March 2022*
Number of shares	**6,181,602**	7,605,402	6,524,834
Percentage to issued shares (%)	**3.49**	4.29	3.68
Market value (KD)	**964,330**	981,097	991,775

An amount of KD 885,492 (31 December 2022: KD 1,122,737 and 31 March 2022: KD 1,021,103) equivalent to the cost of purchase of the treasury shares have been earmarked as non-distributable from reserves and retained earnings throughout the holding period of treasury shares.

The weighted average market price of the Parent Company’s shares for the period ended 31 March 2023 was 156 fils per share (31 December 2022: 133 fils per share and 31 March 2022: 151 fils per share).

During the current period ended 31 March 2023, to the Group purchased treasury shares of 3,494,809 shares for total consideration amounting to KD 466,196 and to sold treasury shares of 4,918,609 shares with total consideration of KD 687,365.

12 ANNUAL GENERAL ASSEMBLY

The Annual General Assembly of the shareholders of the Parent Company was held on 26 March 2023 approved the consolidated financial statements for the year ended 31 December 2022 and the distribution of cash dividends of 8% for the year ended 31 December 2022 (2021: 10%), in addition to increase the share capital from KD 17,710,846 to KD 25,000,000 by the issuance of bonus shares of 41.16% (2021: KD Nil) of the fully paid-up share capital using the general reserve, voluntary reserve and retained earnings as at 31 December 2022. The change has been notarized in the Parent Company’s commercial register dated 30 April 2023.

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:

31 March 2023	*Total general risk insurance KD*	*Life and medical insurance KD*	*Investment KD*	*Unallocated KD*	*Total KD*
Insurance service result before reinsurance contracts held	3,919,365	324,444	-	-	**4,243,809**
Reinsurance contracts held	(3,247,190)	(283,163)	-	-	**(3,530,353)**
Finance expenses from insurance contracts issued	(288,469)	(167,063)	-	-	**(455,532)**
Finance income from reinsurance contracts held	221,738	74,263	-	-	**296,001**
Net investment income	-	-	650,696		**650,696**
Non-attributable general and administrative expenses	-	-	-	(432,248)	**(432,248)**
Other income	-	-	-	46,261	**46,261**
KFAS, ZAKAT, NLST	-	-	-	(35,224)	**(35,224)**
Net profit for the period	-	-	650,696	(421,211)	**783,410**
Assets	26,709,826	10,057,046	65,740,915	-	**102,507,787**
Liabilities	46,887,182	20,728,250	4,000,000	-	**71,615,432**

13 SEGMENT INFORMATION (continued)

31 December 2022 (restated)	*Total general risk insurance KD*	*Life and medical insurance KD*	*Investment KD*	*Unallocated KD*	*Total KD*
Assets	27,787,659	10,118,296	63,628,080	-	101,534,035
Liabilities	41,749,777	18,678,430	4,000,000	-	64,428,207

31 March 2022 (restated)	*Total general risk insurance KD*	*Life and medical insurance KD*	*Investment KD*	*Unallocated KD*	*Total KD*
Insurance service result before reinsurance contracts held	22,006,841	58,712	-	-	22,065,553
Reinsurance contracts held	(21,250,780)	(637,831)	-	-	(21,888,611)
Finance income/(expenses) from insurance contracts issued	210,466	53,257	-	-	263,723
Finance income/(expenses) from reinsurance contracts held	(137,677)	(14,139)	-	-	(151,816)
Net investment income	-	-	739,147		739,147
Non-attributable general and administrative expenses			-	(445,595)	(445,595)
Other income, net	-	-	-	163,607	163,607
KFAS, ZAKAT, NLST	-	-	-	(51,863)	(51,863)
Net profit for the period	-	-	739,147	(333,851)	694,145
Assets	42,440,798	10,540,052	66,113,210	-	119,094,060
Liabilities	54,900,740	21,225,228	4,000,000	-	80,125,968

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:

	Parent company's shareholders KD	***Entities under common control KD***	***31 March 2023 KD***	*(Audited) 31 December 2022 KD*	*31 March 2022 KD*
Insurance activities					
Insurance services receivable	**13,779**	**2,487,678**	**2,501,457**	5,938,283	5,489,743
Insurance service payable	-	**398,942**	**398,942**	770,599	754,489
Investment activities					
Investment assets		**16,417,916**	**16,417,916**	15,669,436	17,354,400
Investment in associates	-	**8,251,428**	**8,251,428**	8,330,796	8,272,752
Term deposits	-	-	-	1,800,000	5,171,800
Cash and cash equivalents	-	**3,140,257**	**3,140,257**	3,464,888	4,288,610
Other liabilities	-	**4,840,317**	**4,840,317**	4,793,705	3,671,471

Transactions included in the interim condensed consolidated statement of income:

	Three months ended 31 March	
	2023 KD	*2022 KD*
Premiums written	**957,869**	648,475
Dividend income	**466,997**	105,882
Share of results of associates	**105,486**	178,953

Compensation to key management personnel:

	Three months ended 31 March	
	2023 KD	*2022 KD*
Short term employees' benefits	**345,601**	175,142
Employees' end of service benefit	**4,603**	7,930
	350,204	183,072

15 CAPITAL COMMITMENTS AND CONTINGENCIES

	31 March 2023 KD	*(Audited) 31 December 2022 KD*	*31 March 2022 KD*
Letters of guarantee	**1,686,351**	2,780,338	6,566,558
Capital commitments	**6,480**	6,480	6,480

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 MEASUREMENT

Financial instruments comprise of financial assets and financial liabilities.

Financial assets consist of investments assets, insurance contract assets and reinsurance contract assets, term deposits and cash and cash equivalent. Financial liabilities consist of insurance contract assets, reinsurance contract assets, term loans and other liabilities.

The fair values of financial instruments 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; and

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 provides the fair value measurement hierarchy of the Group's assets carried at fair value.

	Fair value measurement using			
31 March 2023	*Level 1 KD*	*Level 2 KD*	*Level 3 KD*	*Total KD*
Investments carried at fair value through other comprehensive income:				
Quoted equity securities	12,332,637	-	-	**12,332,637**
Unquoted equity securities	-	-	536,085	**536,085**
Quoted bonds	459,051	-	-	**459,051**
Investments carried at fair value through profit or loss:				
Quoted securities	1,851,918	-	-	**1,851,918**
Quoted managed funds	-	1,513,025	-	**1,513,025**
Quoted bonds	11,017,805	-	-	**11,017,805**
Unquoted bonds	-	-	5,300,000	**5,300,000**
Total	**25,661,411**	**1,513,025**	**5,836,085**	**33,010,521**

16 FAIR VALUE MEASUREMENT (CONTINUED)

	Fair value measurement			
	Level 1	*Level 2*	*Level 3*	*Total*
31 December 2022 (Audited)	*KD*	*KD*	*KD*	*KD*
Available for sale investment				
Quoted equity securities	12,297,580	-	-	12,297,580
Unquoted equity securities	-	-	603,569	603,569
Quoted bonds	3,595,323	-	-	3,595,323
Investments carried at fair value through profit or loss:				
Quoted securities	2,130,762	-	-	2,130,762
Managed funds	-	1,412,696	-	1,412,696
Quoted bonds	8,030,685	-	-	8,030,685
Total	26,054,350	1,412,696	603,569	28,070,615

	Fair value measurement			
	Level 1	*Level 2*	*Level 3*	*Total*
31 March 2022	*KD*	*KD*	*KD*	*KD*
Available for sale investments:				
Quoted equity securities	15,591,514	-	-	15,591,514
Unquoted equity securities	-	-	1,113,739	1,113,739
Quoted bonds	3,802,804	-	-	3,802,804
Investments carried at fair value through profit or loss:				
Quoted securities	1,936,602	-	-	1,936,602
Managed funds	-	1,771,210	-	1,771,210
Quoted bonds	6,100,492	-	-	6,100,492
Total	27,431,412	1,771,210	1,113,739	30,316,361

Available for sale investments contain unquoted bonds carried at cost as at 31 December 2022 KD 5,300,000 (31 March 2022: KD 5,300,000).

During the period ended 31 March 2023, 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.

16 FAIR VALUE MEASUREMENT (continued)

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

31 March 2023	***As at 1 January 2023***	***Transferred on transition of IFRS 9***	***change recorded in the interim condensed consolidated statement of comprehensive income***	***Net purchases and disposals***	***As at 31 March 2023***
	KD	***KD***	***KD***	***KD***	***KD***
Investments at FVOCI:					
Unquoted equity securities	**603,569**	**-**	**(67,484)**	**-**	**536,085**
Investments at FVTPL					
Unquoted bonds	**-**	**5,300,000**	**-**	**-**	**5,300,000**
	603,569	**5,300,000**	**(67,484)**	**-**	**5,836,085**

31 December 2022	*As at 1 January 2022*	*change recorded in the consolidated statement of comprehensive income*	*Net purchases and disposals*	*As at 31 December 2022*
	KD	*KD*	*KD*	*KD*
Financial assets at FVOCI:				
Unquoted equity securities	923,118	(319,549)	-	603,569
	923,118	(319,549)	-	603,569

	As at 1 January 2022	*Change recorded in the interim condensed consolidated statement of comprehensive income*	*Net purchases and disposals*	*As at 31 March 2022*
	KD	*KD*	*KD*	*KD*
Investments available for sale				
Unquoted equity securities	923,118	190,621	-	1,113,739
	923,118	190,621	-	1,113,739