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

INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

30 SEPTEMBER 2023

Building a better working world

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

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

REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION TO THE BOARD OF DIRECTORS OF WARBA INSURANCE 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 2023, 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-month period ended 30 September 2023 that might have had a material effect on the business of the Parent Company or on its financial position.

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 (continued)

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 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

9 November 2023
Kuwait

INTERIM CONDENSED CONSOLIDATED STATEMENT OF INCOME (UNAUDITED)

For the period ended 30 September 2023

		Three months ended 30 September		*Nine months ended 30 September*	
	Notes	***2023 KD***	*2022 KD (Restated)*	***2023 KD***	*2022 KD (Restated)*
Revenue:					
Insurance revenue	4	**9,344,932**	10,093,694	**29,653,311**	29,082,419
Insurance service expenses	4	**(6,727,016)**	(4,850,894)	**(16,729,186)**	491,247
Insurance service result before reinsurance contracts held		**2,617,916**	5,242,800	**12,924,125**	29,573,666
Amounts recoverable from reinsurers for incurred claims	5	**2,083,470**	531,301	**2,306,482**	(14,328,000)
Net expense from reinsurance contracts held	5	**(3,998,440)**	(4,223,834)	**(11,952,246)**	(12,713,160)
Net expense from reinsurance contracts held		**(1,914,970)**	(3,692,533)	**(9,645,764)**	(27,041,160)
Insurance service result		**702,946**	1,550,267	**3,278,361**	2,532,506
Finance (expenses) income from insurance contracts issued	4	**(146,007)**	168,825	**(709,746)**	853,636
Finance income (expenses) from reinsurance contracts held	5	**124,537**	(45,055)	**462,363**	(374,213)
Net insurance financial result		**681,476**	1,674,037	**3,030,978**	3,011,929
Net investment income (loss)	6	**290,881**	(29,666)	**1,397,143**	472,591
Provision for legal case	16	**-**	-	**(500,000)**	-
Unallocated general and administrative expenses		**(325,306)**	(250,543)	**(1,170,800)**	(934,716)
Other income		**73,780**	7,987	**183,821**	215,103
Total expenses		**39,355**	(272,222)	**(89,836)**	(247,022)
PROFIT FOR THE PERIOD BEFORE CONTRIBUTION TO KFAS, NLST AND ZAKAT		**720,831**	1,401,815	**2,941,142**	2,764,907
Contribution to KFAS		**(5,901)**	4,898	**(27,129)**	(11,371)
NLST		**(23,791)**	10,137	**(66,640)**	(53,315)
ZAKAT		**(9,156)**	4,472	**(25,354)**	(20,215)
NET PROFIT FOR THE PERIOD		**681,983**	1,421,322	**2,822,019**	2,680,006
Attributable to:					
Equity holders of the Parent Company		**674,827**	1,429,527	**2,806,478**	2,673,661
Non-controlling interests		**7,156**	(8,205)	**15,541**	6,345
PROFIT FOR THE PERIOD		**681,983**	1,421,322	**2,822,019**	2,680,006
BASIC AND DILUTED EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY	7	**2.79 fils**	5.85 fils	**11.62 fils**	11.01 fils

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

For the period ended 30 September 2023

	Three months ended 30 September		*Nine months ended 30 September*	
	2023	*2022*	***2023***	*2022*
	KD	*KD (Restated)*	***KD***	*KD (Restated)*
Profit for the period	**681,983**	1,421,322	**2,822,019**	2,680,006
Other comprehensive (loss) income:				
Items that are or may be subsequently reclassified to interim condensed consolidated statement of income:				
Share of other comprehensive income (loss) from associates	**9,404**	(49,208)	**4,749**	(34,578)
	9,404	(49,208)	**4,749**	(34,578)
Items that will not subsequently reclassified to interim condensed consolidated statement of income:				
- Change in fair value of financial assets at FVOCI	**(1,659,889)**	(1,539,764)	**(750,204)**	(2,564,472)
	(1,659,889)	(1,539,764)	**(750,204)**	(2,564,472)
Other comprehensive loss for the period	**(1,650,485)**	(1,588,972)	**(745,455)**	(2,599,050)
Total comprehensive (loss) income for the period	**(968,502)**	(167,650)	**2,076,564**	80,956
Attributable to:				
Equity holders of the Parent Company	**(975,658)**	(159,445)	**2,061,023**	74,611
Non-controlling interests	**7,156**	(8,205)	**15,541**	6,345
	(968,502)	(167,650)	**2,076,564**	80,956

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

As at 30 September 2023

	Notes	***30 September 2023 KD***	*(Audited) 31 December 2022 KD (Restated)*	*30 September 2022 KD (Restated)*
ASSETS				
Cash and cash equivalent	10	**5,337,572**	6,853,248	12,978,459
Term deposits	9	**8,608,100**	6,806,775	1,950,000
Other assets		**1,314,731**	944,604	909,703
Reinsurance contract assets	5	**23,013,171**	24,096,382	33,373,775
Investment assets	17	**34,858,599**	33,370,615	32,103,913
Loans secured by life insurance policies		**17,072**	17,072	22,066
Investments in associates		**8,341,400**	8,330,796	8,140,915
Property and equipment	8	**7,223,298**	7,304,970	7,302,158
TOTAL ASSETS		**88,713,943**	87,724,462	96,780,989
LIABILITIES AND EQUITY				
LIABILITIES				
Insurance contract liabilities	4	**40,842,390**	35,757,395	46,122,132
Term loans		**4,000,000**	4,000,000	4,000,000
Other liabilities		**11,821,688**	10,861,239	11,244,023
Total liabilities		**56,664,078**	50,618,634	61,366,155
Equity				
Share capital	12	**25,000,000**	17,710,846	17,710,846
Statutory reserve		**3,820,473**	8,781,109	8,781,109
General reserve		**132,367**	4,000,000	4,000,000
Voluntary reserve		**-**	764,895	764,895
Treasury shares	11	**(1,042,137)**	(1,122,737)	(1,089,964)
Treasury shares reserve		**212,222**	223,066	232,402
Cumulative changes in fair value reserve		**3,303,816**	4,563,238	5,009,405
Retained earnings		**674,827**	2,252,655	64,765
Equity attributable to the equity holders of the Parent Company		**32,101,568**	37,173,072	35,473,458
Non-controlling interests		**(51,703)**	(67,244)	(58,624)
Total equity		**32,049,865**	37,105,828	35,414,834
TOTAL LIABILITIES AND EQUITY		**88,713,943**	87,724,462	96,780,989

Anwar Jawad Bu-Khamseen
Chairman

Sheikh / Mohammed Jarrah Sabah Al-Sabah
Vice Chairman

WARBA INSURANCE & REINSURANCE
وربة للتأمين وإعادة التأمين

The attached notes 1 to 17 form part of this interim condensed consolidated financial information.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the period ended 30 September 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	-	-	-	-	-	-	-	2,806,478	2,806,478	15,541	2,822,019
Other comprehensive income	-	-	-	-	-	-	(745,455)	-	(745,455)	-	(745,455)
Total comprehensive income for the period	-	-	-	-	-	-	(745,455)	2,806,478	2,061,023	15,541	2,076,564
Issuance of bonus shares (Note 12)	7,289,154	-	(3,867,633)	(764,895)	-	-	-	(2,656,626)	-	-	-
Extinguish of accumulated deficit (Note 13)	-	(4,960,636)	-	-	-	-	-	4,960,636	-	-	-
Cash dividends (Note 12)	-	-	-	-	-	-	-	(1,363,556)	(1,363,556)	-	(1,363,556)
Movement in treasury shares	-	-	-	-	80,600	(10,844)	-	-	69,756	-	69,756
Balance as at 30 September 2023	**25,000,000**	**3,820,473**	**132,367**	-	**(1,042,137)**	**212,222**	**3,303,816**	**674,827**	**32,101,568**	**(51,703)**	**32,049,865**
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	-	-	-	-	-	-	-	2,673,661	2,673,661	6,345	2,680,006
Other comprehensive loss	-	-	-	-	-	-	(2,599,050)	-	(2,599,050)	-	(2,599,050)
Total comprehensive (loss) income for the period	-	-	-	-	-	-	(2,599,050)	2,673,661	74,611	6,345	80,956
Cash dividends (Note 12)	-	-	-	-	-	-	-	(1,712,206)	(1,712,206)	-	(1,712,206)
Movement in treasury shares	-	-	-	-	(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	64,765	35,473,458	(58,624)	35,414,834

The attached notes 1 to 17 form part of this interim condensed consolidated financial information.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

For the period ended 30 September 2023

	Note	*Nine months ended 30 September* **2023** **KD**	*2022* *KD* *(Restated)*
OPERATING ACTIVITIES			
Profit for the period before contribution to Zakat, KFAS and NLST		**2,941,142**	2,764,907
Adjustments for:			
Depreciation of property and equipment		**173,099**	154,957
Net investment income	6	**(1,807,451)**	(676,013)
Provision of employees' end if service benefits		**178,043**	242,434
		1,484,833	2,486,284
Changes in operating assets and liabilities:			
Other assets		**8,357**	(106,493)
Reinsurance contract assets		**1,083,211**	18,524,511
Insurance contract liabilities		**(753,732)**	(17,675,537)
Other liabilities		**779,722**	1,959,492
Cash flows from operations		**2,602,391**	5,188,258
Employees' end if service benefits paid		**(160,751)**	(102,860)
Net cash flows from operating activities		**2,441,640**	5,085,398
INVESTING ACTIVITIES			
Movement in time deposits		**(1,801,325)**	3,538,820
Net movement of loan secured by life insurance policies		**-**	222
Net movement of treasury shares		**69,756**	(270,287)
Purchase of financial assets at fair value through other comprehensive income		**(3,859,562)**	-
Purchase of financial assets at fair value through profit or loss		**(61,448)**	(2,347,501)
Proceed from sale of financial assets at fair value through profit or loss		**1,573,626**	1,010,361
Purchase of property and equipment		**(91,427)**	(221,723)
Investment income received		**1,532,308**	386,300
Net cash flows (used in) from investing activities		**(2,638,072)**	2,096,192
FINANCING ACTIVITIES			
Cash dividends paid		**(1,319,244)**	(1,648,723)
Net cash flows used in financing activities		**(1,319,244)**	(1,648,723)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS		**(1,515,676)**	5,532,867
Cash and cash equivalents at 1 January		**6,853,248**	7,445,592
CASH AND CASH EQUIVALENTS AS AT 30 SEPTEMBER	10	**5,337,572**	12,978,459

The attached notes 1 to 17 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 nine months' period ended 30 September 2023 were authorized for issuance by the Board of Directors ("BOD") on 9 November 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).

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 nine months period ended 30 September 2023 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2023.

Certain prior year amounts have been reclassified to conform to the current period presentation.

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 31 December 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.

<u>The Group issues the following products</u>

- 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 income, 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 income.

4 INSURANCE CONTRACT LIABILITIES

30 September 2023	***Liability for Remaining Coverage KD***	***Liability for Incurred claims KD***	***Total KD***
Insurance contracts liabilities as at 1 January 2023	(4,083,279)	(30,116,795)	(34,200,074)
Insurance contracts liabilities at beginning of period	(4,083,279)	(30,116,795)	(34,200,074)
Insurance revenue	29,594,739	-	29,594,739
Incurred claims and other directly attributable expenses	-	(6,672,960)	(6,672,960)
Changes that relate to past service-Changes in FCF relating to LIC	-	(8,129,370)	(8,129,370)
Insurance acquisition expense	(1,786,375)	-	(1,786,375)
Insurance service expenses	(1,786,375)	(14,802,330)	(16,588,705)
Insurance service result	27,808,364	(14,802,330)	13,006,034
Finance expenses from insurance contracts issued recognised in the interim condensed consolidated statement of income	-	(674,692)	(674,692)
Total amounts recognized in profit or loss	27,808,364	(15,477,022)	12,331,342
Cash Flows:			
Premium received	(35,284,244)	-	(35,284,244)
Claims and other directly attributable expenses paid	-	16,049,338	16,049,338
Insurance acquisition cash flows	1,904,704	-	1,904,704
Total cash flows	(33,379,540)	16,049,338	(17,330,202)
Insurance contract liabilities as at 30 September 2023	(9,654,455)	(29,544,479)	(39,198,934)
Insurance contract liabilities as at 30 September 2023	(9,654,455)	(29,544,479)	(39,198,934)

4 INSURANCE CONTRACT LIABILITIES (continued)

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

30 September 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:				
Contractual service margin recognized for service provided	-	-	58,572	58,572
Changes in the risk adjustment for non-financial risk for the risk expired	-	4,949	-	4,949
Experience adjustments-relating to insurance service expenses	(17,884)	(6,556)	-	(24,440)
Changes that relate to future service:				
Changes in estimates that adjust the CSM	169,344	14,337	(183,681)	-
Contracts initially recognised in the period	(124,979)	(2,893)	-	(127,872)
Changes that relate to past service:				
Changes that relate to past service - adjusting to LFIC	212	6,670	-	6,882
Insurance service result	26,693	16,507	(125,109)	(81,909)
Finance expenses from insurance contracts issued	(23,646)	-	(11,408)	(35,054)
Total amounts recognised in profit or loss	3,047	16,507	(136,517)	(116,963)
Cash Flows:				
Premium received	(112,048)	-	-	(112,048)
Claims and other directly attributable expenses paid	142,876	-	-	142,876
Total cash flows	30,828	-	-	30,828
Insurance contracts liabilities at 30 September 2023	(1,075,838)	(36,480)	(531,138)	(1,643,456)

4 INSURANCE CONTRACT LIABILITIES (continued)

30 September 2022 (restated)	*Liability for Remaining Coverage KD*	*Liability for Incurred claims KD*	*Total KD*
Insurance contracts liabilities as at 1 January 2022	(4,789,867)	(57,088,633)	(61,878,500)
Insurance contracts liabilities as at 1 January 2022	(4,789,867)	(57,088,633)	(61,878,500)
Insurance revenue	28,853,478	-	28,853,478
Incurred claims and other directly attributable expenses	(1,839,492)	(15,192,056)	(17,031,548)
Changes that relate to past service-Changes in FCF relating to LIC	-	17,659,999	17,659,999
Insurance service expenses	(1,839,492)	2,467,943	628,451
Insurance service result	27,013,986	2,467,943	29,481,929
Finance income from insurance contracts	-	603,115	603,115
Total amounts recognized in profit or loss	27,013,986	3,071,058	30,085,044
Cash Flows:			
Premium received	(28,667,958)	-	(28,667,958)
Claims and other directly attributable expenses paid	-	14,240,522	14,240,522
Insurance acquisition cash flows	1,673,191	-	1,673,191
Total cash flows	(26,994,767)	14,240,522	(12,754,245)
Insurance contracts liabilities as at 30 September 2022	(4,770,648)	(39,777,053)	(44,547,701)
Insurance contracts liabilities as at 30 September 2022	(4,770,648)	(39,777,053)	(44,547,701)

4 INSURANCE CONTRACT LIABILITIES (continued)

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

30 September 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:				
Contractual service margin recognized for service provided	-	-	228,941	228,941
Changes in the risk adjustment for non-financial risk for the risk expired	-	2,617	-	2,617
Experience adjustments-relating to insurance service expenses	(19,708)	(6,447)	-	(26,155)
Changes that relate to future service:				
Changes in estimates that adjust the CSM	72,705	15,055	(87,760)	-
Changes in estimate that results in onerous contract losses or reversal of such losses	87,167	12,439	(219,715)	(120,109)
Changes that relate to past service:				
Changes that relate to past service - adjusting to LFIC	-	6,443	-	6,443
Insurance service result	140,164	30,107	(78,534)	91,737
Finance expenses from insurance contracts issued	258,544	-	(8,023)	250,521
Total amounts recognised in profit or loss	398,708	30,107	(86,557)	342,258
Cash Flows:				
Premium received	(134,625)	-	-	(134,625)
Claims and other directly attributable expenses paid	137,105	-	-	137,105
Total cash flows	2,480	-	-	2,480
Insurance contracts liabilities at 30 September 2022	(1,168,593)	(39,542)	(366,296)	(1,574,431)

5 REINSURANCE CONTRACTS ASSETS

30 September 2023	***Reinsurance remaining coverage KD***	***Reinsurance incurred claims KD***	***Total KD***
Reinsurance contracts assets as at 1 January 2023	1,984,845	22,111,537	24,096,382
Reinsurance contracts asset as at 1 January 2023	1,984,845	22,111,537	24,096,382
Allocation of reinsurance premium	(11,952,246)	-	(11,952,246)
Other Incurred directly attributable expenses	-	(134,036)	(134,036)
Incurred claims recovery	-	176,537	176,537
Changes that relate to past service-changes in the FCF relating to incurred claims recovery	-	2,263,981	2,263,981
Net (expense) income from reinsurance contracts held	(11,952,246)	2,306,482	(9,645,764)
Finance income from reinsurance contracts held	-	462,363	462,363
Total amounts recognised in profit or loss	(11,952,246)	2,768,845	(9,183,401)
Cash Flows:			
Premiums paid net of ceding commissions and other directly attributable expenses	12,040,856	134,036	12,174,892
Recoveries from reinsurance	-	(4,074,702)	(4,074,702)
Total cash flows	12,040,856	(3,940,666)	8,100,190
Reinsurance contracts asset as at 30 September 2023	2,073,455	20,939,716	23,013,171
Reinsurance contracts assets as at 30 September 2023	2,073,455	20,939,716	23,013,171

5 REINSURANCE CONTRACTS ASSETS (continued)

30 September 2022 (restated)	*Reinsurance Remaining Coverage KD*	*Reinsurance Incurred claims KD*	*Total KD*
Reinsurance contracts assets as at 1 January 2022	1,954,221	49,944,065	51,898,286
Reinsurance contracts assets 1 January 2022	1,954,221	49,944,065	51,898,286
Allocation of reinsurance premium	(12,713,160)	-	(12,713,160)
Other incurred directly attributable expenses	-	(106,547)	(106,547)
Incurred claims recovery	-	5,337,730	5,337,730
Changes that relate to past service-changes in the FCF relating to incurred claims recovery	-	(19,559,183)	(19,559,183)
Net expense from reinsurance contracts held	(12,713,160)	(14,328,000)	(27,041,160)
Finance expense from reinsurance contracts held	-	(374,213)	(374,213)
Total amounts recognised in profit or loss	(12,713,160)	(14,702,213)	(27,415,373)
Cash Flows:			
Premiums paid net of ceding commissions and other directly attributable expenses	13,192,856	106,551	13,299,407
Recoveries from reinsurance	-	(4,408,545)	(4,408,545)
Total cash flows	13,192,856	(4,301,994)	8,890,862
Reinsurance contracts assets as at 30 September 2022	2,433,917	30,939,858	33,373,775
Reinsurance contracts assets as at 30 September 2022	2,433,917	30,939,858	33,373,775

6 NET INVESTMENT INCOME (LOSS)

	Three months ended 30 September		*Nine months ended 30 September*	
	2023	*2022 restated*	***2023***	*2022 restated*
	KD	*KD*	***KD***	*KD*
Dividend income	**129,548**	104,205	**959,414**	797,797
Interest income	**224,217**	151,876	**703,456**	388,803
Unrealized (loss) of financial assets at fair value through profit or loss	**(2,213)**	(299,766)	**(198,643)**	(818,143)
Realized gain from sale of financial assets at fair value through profit or loss	**26,816**	2,793	**35,968**	28,954
Share of results of associates	**94,171**	79,000	**307,256**	278,602
	472,539	38,108	**1,807,451**	676,013
Investment expense	**(181,658)**	(67,774)	**(410,308)**	(203,422)
	290,881	(29,666)	**1,397,143**	472,591

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 30 September		*Nine months ended 30 September*	
	2023	*2022 Restated*	***2023***	*2022 Restated*
	KD	*KD*	***KD***	*KD*
Profit for the period attributable to the equity holders of the Parent Company (KD)	**674,827**	1,429,527	**2,806,478**	2,673,661
Weighted average number of ordinary shares outstanding during the period (excluding treasury shares) (shares)	**241,818,759**	244,340,447	**241,480,066**	242,795,911
Earnings per share	**2.79 fils**	5.85 fils	**11.62 fils**	11.01 fils

Earnings per share calculation for the period ended 30 September 2023 and 30 September 2022 have been adjusted to take account of the bonus shares proposed to be issued in 2023 (Note 12).

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 30 September 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 30 September 2022: KD 1,950,000).

The effective interest rate on term deposits was 5.19% to 5.8% per annum (31 December 2022: 5.19% to 5.7% and 30 September 2022: 1.95% to 2%).

10 CASH AND CASH EQUIVALENTS

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

	30 September 2023 KD	*(Audited) 31 December 2022 KD*	*30 September 2022 KD*
Cash on hand	**8,965**	25,194	21,875
Cash in portfolio	**1,953,070**	180,447	2,656,862
Short term deposits (Maturity within 3 months ending period)	**-**	1,800,000	5,743,399
Bank balances	**3,375,537**	4,847,607	4,556,323
	5,337,572	6,853,248	12,978,459

The effective interest rate on short term deposits was Nil per annum (31 December 2022: 2.125% and 30 September 2022: 2% to 2.7%).

11 TREASURY SHARES

	30 September 2023	*(Audited) 31 December 2022*	*30 September 2022*
Number of shares	**10,109,129**	7,605,402	7,271,668
Percentage to issued shares (%)	**4.04**	4.29	4.11
Market value (KD)	**1,020,011**	981,097	938,045

An amount of KD 1,042,137 (31 December 2022: KD 1,122,737 and 30 September 2022: KD 1,089,964) 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 30 September 2023 was 120 fils per share (31 December 2022: 133 fils per share and 30 September 2022: 129 fils per share).

During the current period ended 30 September 2023, the Group purchased treasury shares of 6,300,421 (31 December 2022: 18,221,894 and 30 September 2022: 17,552,000) shares for total consideration amounting to KD 766,120 (31 December 2022: 3,347,091 and 30 September 2022: KD 3,255,050) and to sold treasury shares of 6,315,027 shares with total consideration of KD 846,720 (31 December 2022: 3,034,694 and 30 September 2022: KD 2,984,763).

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 STATUTORY RESERVE

On 8 August 2023, the board of directors of the Parent Company proposed to utilize the statutory reserve for the purpose of extinguishing of accumulated losses amounting to KD 4,960,636, which is approved by the General Assembly meeting hold on 27 September 2023.

14 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:

30 September 2023	*Total general risk insurance KD*	*Life and medical insurance KD*	*Investment KD*	*Unallocated KD*	*Total KD*
Insurance service result before reinsurance contracts held	10,361,304	2,562,821	-	-	**12,924,125**
Reinsurance contracts held	(8,492,098)	(1,153,666)	-	-	**(9,645,764)**
Finance expenses from insurance contracts issued	(456,809)	(252,937)	-	-	**(709,746)**
Finance income from reinsurance contracts held	376,685	85,678	-	-	**462,363**
Net investment income	-	-	1,397,143	-	**1,397,143**
Unallocated general and administrative expenses	-	-	-	(1,670,800)	**(1,670,800)**
Other income	-	-	-	183,821	**183,821**
KFAS, ZAKAT, NLST	-	-	-	(119,123)	**(119,123)**
Net profit for the period	1,789,082	1,241,896	1,397,143	(1,606,102)	**2,822,019**
Assets	16,736,022	6,277,149	65,700,772	-	**88,713,943**
Liabilities	26,527,397	17,776,883	8,851,588	3,508,210	**56,664,078**

14 SEGMENT INFORMATION (continued)

31 December 2022 (restated)	***Total general risk insurance KD***	***Life and medical insurance KD***	***Investment KD***	***Unallocated KD***	***Total KD***
Assets	13,978,086	10,118,296	63,628,080	-	87,724,462
Liabilities	18,759,493	18,678,430	8,793,705	4,387,006	50,618,634

30 September 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	25,560,169	4,013,497	-	-	29,573,666
Reinsurance contracts held	(25,031,921)	(2,009,239)	-	-	(27,041,160)
Finance income/(expenses) from insurance contracts issued	439,341	414,295	-	-	853,636
Finance income/(expenses) from reinsurance contracts held	(327,643)	(46,570)	-	-	(374,213)
Net investment income	-	-	472,591	-	472,591
Unallocated general and administrative expenses	-	-	-	(934,716)	(934,716)
Other income	-	-	-	215,103	215,103
KFAS, ZAKAT, NLST	-	-	-	(84,901)	(84,901)
Net profit for the period	639,946	2,371,983	472,591	(804,514)	2,680,006
Assets	27,133,371	6,240,404	63,407,214	-	96,780,989
Liabilities	30,160,057	18,313,886	9,353,763	3,538,449	61,366,155

15 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***	***30 September 2023 KD***	*(Audited) 31 December 2022 KD*	*30 September 2022 KD*
Insurance activities					
Insurance contract assets	**22,120**	**6,187,671**	**6,209,791**	5,938,283	5,797,406
Insurance contract liabilities	**-**	**412,213**	**412,213**	770,599	760,384
Investment activities					
Investment assets	**-**	**17,081,555**	**17,081,555**	15,669,436	15,208,379
Investment in associates	**-**	**8,341,400**	**8,341,400**	8,330,796	8,140,915
Term deposits	**-**	**-**	**-**	1,800,000	1,450,000
Cash and cash equivalents	**-**	**2,373,565**	**2,373,565**	3,464,888	2,488,008
Other liabilities	**-**	**4,851,588**	**4,851,588**	4,793,705	5,353,763

Transactions included in the interim condensed consolidated statement of income:

	Three months ended 30 September		*Nine months ended 30 September*	
	2023 KD	*2022 KD*	***2023 KD***	*2022 KD*
Premiums written	**347,487**	290,923	**1,522,437**	1,289,454
Claims paid	**284,992**	217,141	**922,933**	659,754
Dividend income	**82,783**	85,259	**479,773**	413,202
Share of results of associates	**94,171**	79,000	**307,256**	278,602

Compensation to key management personnel:

	Three months ended 30 September		*Nine months ended 30 September*	
	2023 KD	*2022 KD*	***2023 KD***	*2022 KD*
Short term employees' benefits	**164,584**	141,713	**682,713**	657,185
Employees' end of service benefit	**5,556**	6,577	**15,276**	72,812
	170,140	148,290	**697,989**	729,997

16 CAPITAL COMMITMENTS AND CONTINGENCIES

	30 September 2023 KD	*(Audited) 31 December 2022 KD*	*30 September 2022 KD*
Letters of guarantee	**407,664**	2,780,338	558,158
Capital commitments	**6,480**	6,480	6,480

16 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.

The Group has outstanding legal case, where the customer is claiming an amount of KD 1.8 million. A preliminary verdict has been issued in the Group's favour rejecting the customer's claim. The customer appealed on 15 July 2019 and the appeal court verdict was in the favor of the Group as well, issued on 13 January 2021 The customer reappealed the verdict in Court of Cassation who has transferred the case to the primary court.

On 24 July 2023, a preliminary verdict has been issued in the customer's favour, The Group appealed the verdict and a new session is scheduled on 13 November 2023. During the period, the Group has provided an amount of KD 500,000 as a provision against this legal case. The Group believes the current provision taken is adequate based on the current legal status of the legal case.

17 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			
30 September 2023	*Level 1 KD*	*Level 2 KD*	*Level 3 KD*	*Total KD*
Investments carried at fair value through other comprehensive income:				
Quoted equity securities	15,158,913	-	-	**15,158,913**
Unquoted equity securities	-	-	853,570	**853,570**
Quoted bonds	-	455,878	-	**455,878**
Investments carried at fair value through profit or loss:				
Quoted securities	1,598,493	-	-	**1,598,493**
Managed funds	351,518	1,188,058	-	**1,539,576**
Quoted bonds	9,952,169	-	-	**9,952,169**
Unquoted bonds	-	-	5,300,000	**5,300,000**
Total	27,061,093	1,643,936	6,153,570	**34,858,599**

17 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	2,002,379	-	-	2,002,379
Managed funds	361,344	1,179,735	-	1,541,079
Quoted bonds	8,030,685	-	-	8,030,685
Total	22,691,988	4,775,058	603,569	28,070,615

	Fair value measurement			
	Level 1	*Level 2*	*Level 3*	*Total*
30 September 2022	*KD*	*KD*	*KD*	*KD*
Available for sale investments:				
Quoted equity securities	12,873,643	-	-	12,873,643
Unquoted equity securities	-	-	502,173	502,173
Quoted bonds	-	3,592,174	-	3,592,174
Investments carried at fair value through profit or loss:				
Quoted securities	1,813,397	-	-	1,813,397
Managed funds	391,527	1,233,851	-	1,625,378
Quoted bonds	6,397,148	-	-	6,397,148
Total	21,475,715	4,826,025	502,173	26,803,913

Available for sale investments contain unquoted bonds carried at cost as at 31 December 2022 KD 5,300,000 (30 September 2022: KD 5,300,000).

During the period ended 30 September 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.

17 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.

30 September 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 30 September 2023***
	KD	***KD***	***KD***	***KD***	***KD***
Investments at FVOCI:					
Unquoted equity securities	603,569	-	99,521	150,480	853,570
Investments at FVTPL					
Unquoted bonds	-	5,300,000	-	-	5,300,000
	603,569	**5,300,000**	**99,521**	**150,480**	**6,153,570**

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 30 September 2022*
	KD	*KD*	*KD*	*KD*
Investments available for sale				
Unquoted equity securities	923,118	(420,945)	-	502,173
	923,118	(420,945)	-	502,173