

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

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

31 MARCH 2023



EY

**Building a better
working world**

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 condensed consolidated 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.

Basis for Adverse Conclusion

As disclosed in Note 2.2 of this interim condensed consolidated financial information, IFRS 17 Insurance Contracts and IFRS 9 Financial instruments are effective for the annual reporting periods beginning on or after 1 January 2023. The Group has not adopted these standards at the date of initial application and is following the same accounting policies used in previous years. Based on the information provided to us by the management, the Group is still in the process of evaluating the effect of IFRS 17 and IFRS 9, at the date of initial application up to 31 March 2023. Had IFRS 17 and IFRS 9 been implemented as of the reporting date, many elements in the accompanying interim condensed consolidated financial information would have been materially affected. The effects on the interim condensed consolidated financial information of the impact of IFRS 17 and IFRS 9 have not been determined.

Adverse Conclusion

Based on our review, due to the significance of the matters described in the *Basis for Adverse Conclusion* paragraph, the accompanying interim condensed consolidated financial information is not prepared, in all material respects, in accordance with IAS 34.

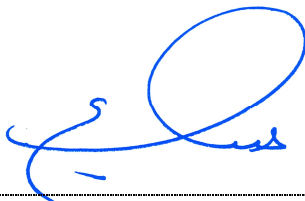
Report on Other Legal and Regulatory Requirements

Furthermore, based on our review, except for the matters described in the *Basis for Adverse Conclusion* paragraph, the interim condensed consolidated financial information is in agreement with the books of account of the Group. 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.

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

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 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 except for the matter mentioned in basis of adverse conclusion.



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

15 May 2023
Kuwait

Warba Insurance and Reinsurance Company K.S.C.P. and its Subsidiary
INTERIM CONDENSED CONSOLIDATED STATEMENT OF INCOME (UNAUDITED)
For the period ended 31 March 2023

		<i>Three months ended 31 March</i>	
	<i>Notes</i>	2023 KD	2022 KD
REVENUES:			
Gross premiums written		16,261,014	17,208,972
Premium ceded to reinsurers		(8,623,703)	(8,938,339)
Net premiums written		7,637,311	8,270,633
Movement in unearned premium reserve		(399,307)	(1,546,730)
Movement in life mathematical reserve		63,272	38,432
Net premiums earned		7,301,276	6,762,335
Commissions income on ceded reinsurance		428,877	483,248
Policy issuance fees		28,230	26,361
Total revenues		7,758,383	7,271,944
EXPENSES:			
Net claims incurred		(3,819,764)	(3,953,586)
Commissions and premiums' acquisition costs		(640,023)	(660,658)
General and administrative expenses		(1,168,329)	(920,809)
Total expenses		(5,628,116)	(5,535,053)
NET UNDERWRITING INCOME		2,130,267	1,736,891
Net investment income / expense	3	604,717	560,194
Share of results of associates		105,486	178,953
Other insurance services income		173,594	255,701
Foreign currency exchange differences		(8,997)	(1,598)
Other income		19,561	14,681
		3,024,628	2,744,822
OTHER EXPENSES:			
Unallocated general and administrative expenses		(374,891)	(389,306)
Other insurance services expenses		(150,421)	(133,499)
Allowance for impairment of doubtful and bad debts		-	(750,000)
		(525,312)	(1,272,805)
Profit before provisions for contribution to Kuwait Foundation for the Advancement of Science (KFAS), National Labor Support Tax (NLST) and Zakat		2,499,316	1,472,017
Contribution to KFAS		(22,934)	(13,269)
NLST		(58,424)	(60,452)
Zakat		(23,826)	(20,687)
PROFIT FOR THE PERIOD		2,394,132	1,377,609
Attributable to:			
Equity holders of the Parent Company		2,387,481	1,356,845
Non-controlling interest		6,651	20,764
		2,394,132	1,377,609
BASIC AND DILUTED EARNINGS PER SHARE ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE PARENT COMPANY	4	9.79 Fils	5.57 Fils

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

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

For the period ended 31 March 2023

	<i>Three months ended 31 March</i>	
	<i>2023</i>	<i>2022</i>
	<i>KD</i>	<i>KD</i>
Profit for the period	2,394,132	1,377,609
Other comprehensive income:		
<i>Items that are or may be reclassified to the interim condensed consolidated statement of income in subsequent periods:</i>		
- Net unrealized (loss) gain of financial assets available for sale	(70,324)	1,067,010
- Share of other comprehensive (loss) income of associates	(4,953)	17,008
Other comprehensive (loss) income for the period	(75,277)	1,084,018
Total comprehensive income for the period	2,318,855	2,461,627
Attributable to:		
Equity holders of the Parent Company	2,312,204	2,440,863
Non-controlling interests	6,651	20,764
	2,318,855	2,461,627

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

		31 March 2023 KD	(Audited) 31 December 2022 KD	31 March 2022 KD
	Notes			
ASSETS				
Property and equipment	5	7,307,446	7,304,970	7,263,041
Investment in associates		8,251,428	8,330,796	8,272,752
Loan secured by life insurance policies		17,072	17,072	22,066
Financial assets available for sale	6	21,724,990	21,796,472	25,808,057
Financial assets at fair value through profit or loss		11,285,531	11,574,143	9,808,304
Reinsurance shares in outstanding claims reserve		13,665,556	15,374,566	24,146,330
Insurance and reinsurance receivables		14,863,262	13,277,565	15,062,631
Other assets		8,976,166	7,701,658	7,780,673
Term deposits	7	8,606,775	6,806,775	3,971,019
Cash and cash equivalents	8	6,574,041	6,853,248	9,403,015
TOTAL ASSETS		101,272,267	99,037,265	111,537,888
EQUITY AND LIABILITIES				
Equity				
Share capital	9	17,710,846	17,710,846	17,710,846
Statutory reserve		8,781,109	8,781,109	8,781,109
General reserve		4,000,000	4,000,000	4,000,000
Voluntary reserve		764,895	764,895	764,895
Treasury shares	10	(885,492)	(1,122,737)	(1,021,103)
Treasury shares reserve		206,990	223,066	307,386
Cumulative changes in fair values reserve		4,487,961	4,563,238	8,692,473
Retained earnings		4,849,549	3,825,624	3,780,673
Equity attributable to equity holders of the Parent Company		39,915,858	38,746,041	43,016,279
Non-controlling interests		(60,593)	(67,244)	(44,205)
Total equity		39,855,265	38,678,797	42,972,074
Liabilities				
Long term loan		4,000,000	4,000,000	4,000,000
Insurance contract liabilities	11	34,584,734	34,973,900	44,363,518
Insurance and reinsurance payables		11,351,595	10,871,409	11,274,476
Other liabilities		11,480,673	10,513,159	8,927,820
Total liabilities		61,417,002	60,358,468	68,565,814
TOTAL EQUITY AND LIABILITIES		101,272,267	99,037,265	111,537,888

Anwar Jawad Bu-Khamseen
Chairman

Sheikh / Mohammed Jarrah Sabah Al-Sabah
Vice Chairman



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

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the period ended 31 March 2023

	<i>Equity attributable to equity holders of the Parent Company</i>										
	<i>Share capital KD</i>	<i>Statutory reserve KD</i>	<i>General reserve KD</i>	<i>Voluntary reserve KD</i>	<i>Treasury shares KD</i>	<i>Treasury shares reserve KD</i>	<i>Cumulative changes in fair values reserve KD</i>	<i>Retained earnings KD</i>	<i>Sub total KD</i>	<i>Non-controlling interests KD</i>	<i>Total equity KD</i>
Balance as at 1 January 2023 (audited)	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
Profit for the period	-	-	-	-	-	-	-	2,387,481	2,387,481	6,651	2,394,132
Other comprehensive loss	-	-	-	-	-	-	(75,277)	-	(75,277)	-	(75,277)
Total comprehensive (loss) income for the period	-	-	-	-	-	-	(75,277)	2,387,481	2,312,204	6,651	2,318,855
Cash dividends (Note 12)	-	-	-	-	-	-	-	(1,363,556)	(1,363,556)	-	(1,363,556)
Movement in treasury shares (Note 10)	-	-	-	-	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	4,487,961	4,849,549	39,915,858	(60,593)	39,855,265
Balance as at 1 January 2022 (audited)	17,710,846	8,781,109	4,000,000	764,895	(893,031)	305,756	7,608,455	2,423,828	40,701,858	(64,969)	40,636,889
Profit for the period	-	-	-	-	-	-	-	1,356,845	1,356,845	20,764	1,377,609
Other comprehensive income	-	-	-	-	-	-	1,084,018	-	1,084,018	-	1,084,018
Total comprehensive income for the period	-	-	-	-	-	-	1,084,018	1,356,845	2,440,863	20,764	2,461,627
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	3,780,673	43,016,279	(44,205)	42,972,074

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

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

For period ended 31 March 2023

		<i>Three months ended</i> <i>31 March</i>	
	<i>Notes</i>	2023 KD	2022 KD
OPERATING ACTIVITIES			
Profit for the period before contribution to KFAS, NLST and Zakat		2,499,316	1,472,017
<i>Adjustments to reconcile profit before contribution to KFAS, NLST and Zakat for the period to net cash flows:</i>			
Dividend income	3	(707,999)	(466,647)
Interest income	3	(219,469)	(123,566)
Unrealized loss (gain) of financial assets at fair value through profit or loss	3	199,001	(20,848)
Realized gain from sale of financial assets at fair value through profit or loss	3	(12,582)	(16,983)
Share of results of associates		(105,486)	(178,953)
Depreciation of property and equipment		56,012	51,474
Allowance for impairment of doubtful and bad debts		-	750,000
Provision for employees' end of service benefits		63,343	81,736
Foreign currency exchange differences		1,602	(13,573)
		1,773,738	1,534,657
Changes in operating assets and liabilities:			
Reinsurance's share in outstanding claims reserve		1,709,010	18,042,608
Insurance and reinsurance receivables		(1,585,697)	(3,716,244)
Other assets		(526,118)	(775,857)
Insurance contract liabilities		(389,166)	(15,300,381)
Insurance and reinsurance payables		480,186	1,633,158
Other liabilities		(411,807)	(387,934)
Cash flows from operations		1,050,146	1,030,007
Employees' end of service benefits paid		(148,465)	(89,875)
Net cash flows from operating activities		901,681	940,132
INVESTING ACTIVITIES			
Net movement in term deposits		(1,800,000)	1,517,801
Movement in loans secured by life insurance policies		-	222
Purchases of financial assets at fair value through profit or loss		(61,451)	(1,330,081)
Proceed from sale of financial assets available for sale		163,201	848,872
Purchases of property and equipment		(58,488)	(79,123)
Dividends received		126,568	107,341
Interest income received		52,510	99,060
Purchase of treasury shares	10	(466,196)	(1,226,443)
Proceeds from sale of treasury shares	10	687,365	1,100,001
Dividends received from investment in associates		179,900	-
Net cash flows (used in) from investing activities		(1,176,591)	1,164,092
FINANCING ACTIVITY			
Cash dividends paid		(4,297)	(20,359)
Net cash flows used in financing activity		(4,297)	(20,359)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS		(279,207)	1,957,423
Cash and cash equivalents at beginning of the period		6,853,248	7,445,592
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	8	6,574,041	9,403,015

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

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for period ended 31 March 2023

1 INCORPORATION AND OBJECTIVES OF THE PARENT COMPANY

Warba Insurance and Reinsurance Company K.S.C.P. (the "Parent Company"), previously Warba insurance Company K.S.C.P. was incorporated as a Public Kuwaiti Shareholding Company in State of Kuwait in accordance with the Amiri Decree of October 24, 1976.

The objectives of the Parent Company are to underwrite life and non- life insurance risks such as fire, general accidents, marine and aviation and others; lend funds which resulted from issuance of insurance policies and to invest in permitted securities.

The address of the Parent Company's registered office is at P.O. Box 24282, Safat 13103 - State of Kuwait.

The interim condensed consolidated financial information of the Group for the three months' period ended 31 March 2023 were authorized for issuance by the Board of Directors on 15 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).

2 BASIS OF PREPARATION AND CHANGES TO THE GROUP'S ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

The interim condensed consolidated financial information of the Group has been prepared in accordance with International Accounting Standard (IAS 34), Interim Financial Reporting.

The interim condensed consolidated financial information is presented in Kuwaiti Dinars (KD) which is the functional and reporting currency of the Parent Company.

The interim condensed consolidated financial information does not contain all information and disclosures required for full consolidated financial statements prepared in accordance with IFRS and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 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.

2.2 NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS ADOPTED BY THE GROUP

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

The Group is in the final stage of implementing IFRS 17 and IFRS 9, at the date of initial application up to 31 March 2023. Management of the Group expects to implement IFRS 17 and IFRS 9 by the end of the second quarter 2023, if not earlier. Therefore, The Group has not adopted IFRS 17 Insurance Contracts and IFRS 9 Financial instruments which is effective for the annual reporting periods beginning on or after 1 January 2023 and is following the same accounting policies used in previous years.

IFRS 17 Insurance Contracts

In May 2017, the IASB issued IFRS 17 Insurance Contracts, a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. IFRS 17 replaces IFRS 4 Insurance Contracts that was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features; a few scope exceptions will apply. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. IFRS 17 is based on a general model, supplemented by:

- ▶ A specific adaptation for contracts with direct participation features (the variable fee approach).
- ▶ A simplified approach (the premium allocation approach) mainly for short-duration contracts.

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for period ended 31 March 2023

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

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

IFRS 17 Insurance Contracts (continued)

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 not implemented IFRS 17 and IFRS 9 as explained above and hence the effects on the interim condensed consolidated financial information of the impact of IFRS 17 and IFRS 9 have not been determined.

Definition of Accounting Estimates - Amendments to IAS 8

The amendments to IAS 8 clarify the distinction between changes in accounting estimates, and changes in accounting policies and the correction of errors. They also clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments had no impact on the Group's interim condensed consolidated financial information.

Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2

The amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments had no impact on the Group's interim condensed consolidated financial information, but are expected to affect the accounting policy disclosures in the Group's annual consolidated financial statements.

3 NET INVESTMENT INCOME / EXPENSE

	<i>Three months ended 31 March</i>	
	2023	2022
	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	(199,001)	20,848
Realized gain from sale of financial assets at fair value through profit or loss	12,582	16,983
	741,049	628,044
Investment expenses	(136,332)	(67,850)
	604,717	560,194

4 BASIC AND DILUTED EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit for the period attributable to equity holders of the Parent Company by the weighted average number of ordinary shares outstanding during the period (excluding treasury shares) as follows:

	<i>Three months ended 31 March</i>	
	2023	2022
		<i>Restated</i>
Profit for the period attributable to the equity holders of the Parent Company (KD)	2,387,481	1,356,845
Weighted average number of ordinary shares outstanding during the period (excluding treasury shares) (shares)	243,895,000	243,695,421
Earnings per share	9.79 Fils	5.57 Fils

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

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL
INFORMATION (UNAUDITED)

As at and for period ended 31 March 2023

5 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).

6 FINANCIAL ASSETS AVAILABLE FOR SALE

	31 March 2023 KD	<i>(Audited)</i> 31 December 2022 KD	31 March 2022 KD
Quoted securities*	12,332,634	12,297,580	15,591,514
Unquoted securities	536,008	603,569	1,113,739
Investment in bonds**	8,856,348	8,895,323	9,102,804
	<u>21,724,990</u>	<u>21,796,472</u>	<u>25,808,057</u>

* Quoted shares with a fair value of KD 1,993,118 (31 December 2022: KD 1,993,118 and 31 March 2022: KD 2,142,504) are under lien to the Insurance Regulatory Unit (IRU).

** Bonds carry interest rate ranging from 3.63% to 5.75% per annum (31 December 2022: 3.63% to 5.75% and 31 March 2022: 3.63% to 5.75%), mature in 5 to 10 years. The KD denominated bonds amounting KD 5,300,000 (31 December 2022: KD 5,300,000 and 31 March 2022: KD 5,300,000) are carried at cost less impairment since their fair values cannot be reliably determined, while the rest (USD denominated) are carried at fair value.

As at 31 March 2023, the management has performed a review of its financial assets available for sale to assess whether any impairment has occurred in their value. Accordingly, no impairment loss has been recorded in the interim condensed consolidated statement of income (31 December 2022: KD Nil and 31 March 2022: KD Nil).

7 TERM DEPOSITS

Term deposits represent deposits with banks whose original maturity period exceeds three months from date of deposit.

Term deposits include an amount of KD 1,800,000 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%).

8 CASH AND CASH EQUIVALENTS

	31 March 2023 KD	<i>(Audited)</i> 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
	<u>6,574,041</u>	<u>6,853,248</u>	<u>9,403,015</u>

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%).

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL
INFORMATION (UNAUDITED)

As at and for period ended 31 March 2023

9 SHARE CAPITAL

The issued and paid-up capital consists of 177,108,460 shares (31 December 2022: 177,108,460 shares and 31 March 2022: 177,108,460 shares) of 100 fils each, fully paid in cash.

On 26 March 2023, the Parent Company held an Extraordinary General Assembly Meeting of the shareholders and approved to distribute 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.

10 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 by total consideration amounting to KD 466,196 and to sold treasury shares of 4,918,609 shares with total consideration of KD 687,365.

11 INSURANCE CONTRACT LIABILITIES

	31 March 2023 KD	(Audited) 31 December 2022 KD	31 March 2022 KD
Reserve for outstanding claims	24,927,597	25,777,296	35,227,874
Reserve for unearned premiums	7,373,014	6,973,707	6,697,769
Reserve for life mathematical	1,826,133	1,889,405	1,989,155
Unearned reinsurance commission	457,990	333,492	448,720
	<u>34,584,734</u>	<u>34,973,900</u>	<u>44,363,518</u>

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.

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

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for period ended 31 March 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:

	<i>General risk insurance</i>			<i>Total general risk insurance</i>	<i>Life and medical insurance</i>	<i>Investment</i>	<i>Unallocated</i>	<i>Total</i>
	<i>Marine & aviation KD</i>	<i>General accidents and fire KD</i>	<i>Motor KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>
31 March 2023								
Segment revenue	87,958	884,145	2,153,472	3,125,575	4,632,809	1,041,303	(29,697)	8,769,990
Segment results	51,170	434,342	194,087	679,599	1,450,665	747,676	(483,808)	2,394,132
				<i>Total general risk insurance KD</i>	<i>Life and medical insurance KD</i>	<i>Investment KD</i>		<i>Total KD</i>
Assets				53,379,326	6,630,992	41,261,949		101,272,267
Liabilities				49,465,475	3,111,287	8,840,240		61,417,002
				<i>Total general risk insurance KD</i>	<i>Life and medical insurance KD</i>	<i>Investment KD</i>		<i>Total KD</i>
31 December 2022 (Audited)								
Assets				51,717,702	5,618,152	41,701,411		99,037,265
Liabilities				47,086,814	4,477,949	8,793,705		60,358,468

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

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13 SEGMENT INFORMATION (continued)

	<i>General risk insurance</i>			<i>Total general risk insurance</i>	<i>Life and medical insurance</i>	<i>Investment</i>	<i>Unallocated</i>	<i>Total</i>
	<i>Marine & aviation KD</i>	<i>General accidents and fire KD</i>	<i>Motor KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>
31 March 2022								
Segment revenue	87,613	795,492	1,767,546	2,650,651	4,621,293	1,062,718	30,556	8,365,218
Segment results	48,518	256,509	71,551	376,578	1,361,268	826,262	(1,186,499)	1,377,609
				<i>Total general risk insurance KD</i>	<i>Life and medical insurance KD</i>	<i>Investment KD</i>		<i>Total KD</i>
Assets				61,386,874	6,261,901	43,889,113		111,537,888
Liabilities				57,771,071	6,794,743	4,000,000		68,565,814

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

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14 RELATED PARTY DISCLOSURES

The Group has entered into various transactions with related parties, i.e. shareholders, Board of directors, key management personnel, associates and other related parties in the normal course of its business concerning financing and other related services. Prices and terms of payment are approved by the Group's management. Significant related party transactions and balances are as follows:

Balances included in the interim condensed consolidated statement of financial position:

	<i>Parent company's shareholders KD</i>	<i>Entities under common control KD</i>	<i>31 March 2023 KD</i>	<i>(Audited) 31 December 2022 KD</i>	<i>31 March 2022 KD</i>
Insurance activities					
Insurance services receivable	32,120	6,079,939	6,112,059	5,938,283	5,489,743
Insurance service payable	-	398,942	398,942	770,599	754,489
Investment activities					
Financial assets available for sale	-	9,084,387	9,084,387	7,610,154	7,589,339
Financial assets at fair value through profit or loss	-	7,333,529	7,333,529	8,059,282	9,765,061
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:

	<i>Three months ended 31 March</i>	
	<i>2023 KD</i>	<i>2022 KD</i>
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:

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

15 CAPITAL COMMITMENTS AND CONTINGENCIES

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

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL
INFORMATION (UNAUDITED)

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15 CAPITAL COMMITMENTS AND CONTINGENCIES (continued)

Contingencies

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

16 FAIR VALUE OF FINANCIAL INSTRUMENTS

Financial instruments comprise of financial assets and financial liabilities.

Financial assets consist of financial assets available for sale, financial assets at fair value through profit or loss, insurance and reinsurance receivables, term deposits and bank balances. Financial liabilities consist of insurance and reinsurance liabilities and other liabilities.

The fair values of financial instruments, with the exception of certain financial assets available for sale carried at cost amounting to KD 5,300,000 (31 December 2022: KD 5,300,000 and 31 March 2022: KD 5,300,000) (Note 6), are not materially different from their carrying values.

The Group uses the following hierarchy for determining and disclosing the fair values of financial instruments by valuation technique:

Level 1: Quoted (unadjusted) prices in an active market for identical assets and liabilities.

Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: Other techniques which use inputs which have a significant effect on the recorded fair value are not based on observable market data.

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy:

	<i>Quoted prices in active markets (Level 1) KD</i>	<i>Significant observable inputs (Level 2) KD</i>	<i>Significant unobservable inputs (Level 3) KD</i>	<i>Total fair Value KD</i>
As at 31 March 2023				
Financial assets at fair value through profit or loss	10,121,733	1,163,798	-	11,285,531
Financial assets available for sale	12,332,634	3,556,348	536,008	16,424,990
Total	22,454,367	4,720,146	536,008	27,710,521
	<i>Quoted prices in active markets (Level 1) KD</i>	<i>Significant observable inputs (Level 2) KD</i>	<i>Significant unobservable inputs (Level 3) KD</i>	<i>Total fair Value KD</i>
As at 31 December 2022 (audited)				
Financial assets at fair value through profit or loss	10,394,408	1,179,735	-	11,574,143
Financial assets available for sale	12,297,580	3,595,323	603,569	16,496,472
Total	22,691,988	4,775,058	603,569	28,070,615

Warba Insurance and Reinsurance Company K.S.C.P. and its Subsidiary
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL
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As at and for period ended 31 March 2023

16 FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

	<i>Quoted prices in active markets (Level 1) KD</i>	<i>Significant observable inputs (Level 2) KD</i>	<i>Significant unobservable inputs (Level 3) KD</i>	<i>Total fair Value KD</i>
<i>As at 31 March 2022</i>				
Financial assets at fair value through profit or loss	8,477,450	1,330,854	-	9,808,304
Financial assets available for sale	15,591,514	3,802,804	1,113,739	20,508,057
Total	24,068,964	5,133,658	1,113,739	30,316,361

Description of significant unobservable inputs to valuation performed at the reporting date is as follows:

	<i>Valuation Technique</i>	<i>Significant unobservable inputs</i>	<i>Range</i>	<i>Sensitivity of the input to fair value</i>
Unquoted securities	Price to book value	Discount for lack of marketability & lack of Control	10%	An increase (decrease) by 10% in the discount for lack of marketability & lack of control would result in (decrease) increase in fair value by KD 71 thousand.
	Price to book value	Price to book multiple	10%	An increase (decrease) by 10% in the price to book multiple would result in an increase (decrease) in fair value by KD 54 thousand.

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.

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

	<i>At the beginning of the period KD</i>	<i>Net fair value recorded in the interim condensed consolidated statement of comprehensive income KD</i>	<i>Net result recorded in the interim condensed consolidated statement of income KD</i>	<i>At the end of the period KD</i>
<i>As at 31 March 2023</i>				
Financial assets available for sale	603,569	(67,561)	-	536,008
	603,569	(67,561)	-	536,008

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL
INFORMATION (UNAUDITED)

As at and for period ended 31 March 2023

16 FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

<i>As at 31 December 2022 (audited)</i>	<i>At the beginning of the year KD</i>	<i>Net fair value recorded in the consolidated statement of comprehensive income KD</i>	<i>Net result recorded in the consolidated statement of income KD</i>	<i>At the end of the year KD</i>
Financial assets available for sale	923,118	(319,549)	-	603,569
	<u>923,118</u>	<u>(319,549)</u>	<u>-</u>	<u>603,569</u>
<i>As at 31 March 2022</i>	<i>At the beginning of the period KD</i>	<i>Net fair value recorded in the interim condensed consolidated statement of comprehensive income KD</i>	<i>Net result recorded in the interim condensed consolidated statement of income KD</i>	<i>At the end of the period KD</i>
Financial assets available for sale	923,118	190,621	-	1,113,739
	<u>923,118</u>	<u>190,621</u>	<u>-</u>	<u>1,113,739</u>

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