

**AL-AHLEIA INSURANCE COMPANY S.A.K.P.
AND ITS SUBSIDIARIES**

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

30 SEPTEMBER 2022



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REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION TO THE BOARD OF DIRECTORS OF AL-AHLEIA INSURANCE COMPANY S.A.K.P.

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Al-Ahleia Insurance Company S.A.K.P. (the "Parent Company") and its subsidiaries (collectively "the Group") as at 30 September 2022, and the related interim condensed consolidated statement of income and interim condensed consolidated statement of comprehensive income for the three months and nine months periods then ended, and the 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, or of the Parent Company's Memorandum of Incorporation and Articles of Association, as amended, during the nine months period ended 30 September 2022 that might have had a material effect on the business of the Parent Company or on its financial position.

We further report that, during the course of our review, to the best of our knowledge and belief, we have not become aware of any violations of the provisions of Law No 7 of 2010 concerning the Capital Markets Authority and its related regulations during the nine months period ended 30 September 2022 that might have had a material effect on the business of the Parent Company or on its financial position.

WALEED A. AL OSAIMI
LICENCE NO. 68 A

EY
(AL AIBAN AL OSAIMI & PARTNERS)

14 November 2022
Kuwait

Al-Ahleia Insurance Company S.A.K.P. and its Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF INCOME
(UNAUDITED)

For the period ended 30 September 2022

	Notes	Three months ended 30 September		Nine months ended 30 September	
		2022 KD	2021 KD	2022 KD	2021 KD
Revenues:					
Gross premiums written		20,057,418	17,516,604	99,596,210	94,750,330
Premiums ceded to reinsurers		(3,730,526)	(4,670,867)	(15,140,816)	(15,846,084)
Net premiums written		16,326,892	12,845,737	84,455,394	78,904,246
Movement in unearned premiums		3,731,634	5,859,460	(10,929,858)	(12,182,700)
Net premiums earned		20,058,526	18,705,197	73,525,536	66,721,546
Commission income on ceded reinsurance		1,208,410	1,472,564	4,292,732	4,433,401
Investment income	5	2,652,208	2,631,865	8,124,888	7,147,729
Rental income from investment properties		161,503	195,408	526,665	579,633
Other income		80,830	51,193	204,776	310,467
Total revenue		24,161,477	23,056,227	86,674,597	79,192,776
Expenses:					
Net claims incurred		(16,297,075)	(18,087,175)	(44,376,622)	(47,072,411)
Commissions and premiums' acquisition costs		(3,821,916)	(3,699,694)	(12,607,930)	(10,827,991)
Movement in life mathematical reserve		3,089,697	3,760,181	(6,465,967)	(1,920,119)
Maturity and cancellation of life insurance policies		(121,435)	(132,690)	(492,483)	(339,150)
Investment property operating expenses		(26,606)	(16,779)	(61,576)	(44,106)
Administrative expenses		(2,260,811)	(1,714,739)	(7,954,622)	(6,256,015)
Impairment loss on available for sale financial assets	6	-	(300,005)	(237,386)	(1,233,857)
Provision for doubtful debt		(350,000)	-	(350,000)	-
Total expenses		(19,788,146)	(20,190,901)	(72,546,586)	(67,693,649)
Profit before share of income from associates		4,373,331	2,865,326	14,128,011	11,499,127
Gain (loss) from disposal of investment in associate		-	-	247,469	(87,198)
Share of results of associates		(523,443)	610,239	(457,566)	(3,362)
PROFIT FOR THE PERIOD BEFORE CONTRIBUTION TO KFAS, NLST AND ZAKAT		3,849,888	3,475,565	13,917,914	11,408,567
Contribution to Kuwait Foundation for the Advancement of Sciences (KFAS)		(38,061)	(29,782)	(125,349)	(103,488)
National Labour Support Tax (NLST)		(83,991)	(82,891)	(348,197)	(285,258)
Zakat		(33,601)	(33,157)	(139,271)	(114,098)
PROFIT FOR THE PERIOD		3,694,235	3,329,735	13,305,097	10,905,723
Attributable to:					
Equity holders of the Parent Company		3,658,127	3,088,989	12,866,945	10,551,558
Non-controlling interests		36,108	240,746	438,152	354,165
		3,694,235	3,329,735	13,305,097	10,905,723
BASIC AND DILUTED EARNINGS PER SHARE	3	16.88 fils	14.25 fils	59.38 fils	48.69 fils

The attached notes 1 to 14 form part of this interim condensed consolidated financial information.

Al-Ahleia Insurance Company S.A.K.P. and its Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

For the period ended 30 September 2022

	Notes	Three months ended 30 September		Nine months ended 30 September	
		2022 KD	2021 KD	2022 KD	2021 KD
PROFIT FOR THE PERIOD		3,694,235	3,329,735	13,305,097	10,905,723
Other comprehensive (loss) income					
<i>Items that are or may be reclassified to the interim condensed consolidated statement of income in subsequent periods:</i>					
<u>Available-for-sale financial assets:</u>					
Unrealized (loss) gain during the period		(145,496)	3,064,238	(1,789,960)	8,120,446
Recycling to the interim condensed consolidated statement of income for impairment	6	-	300,005	237,386	1,233,857
Reclassification to the interim condensed consolidated statement of income on disposal	5	(869,163)	(897,589)	(2,511,562)	(2,552,416)
Net (loss) gain on available-for-sale financial assets		(1,014,659)	2,466,654	(4,064,136)	6,801,887
<u>Investment in associates:</u>					
Share of fair value from investment in associates		(202,223)	41,405	(175,416)	222,459
<u>Foreign currency translation:</u>					
Exchange differences on translation from foreign operations		403,928	(17,182)	842,211	(316,270)
Other comprehensive (loss) income for the period		(812,954)	2,490,877	(3,397,341)	6,708,076
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		2,881,281	5,820,612	9,907,756	17,613,799
Attributable to:					
Equity holders of the Parent Company		2,838,830	5,568,811	9,334,729	17,221,754
Non-controlling interests		42,451	251,801	573,027	392,045
		2,881,281	5,820,612	9,907,756	17,613,799

The attached notes 1 to 14 form part of this interim condensed consolidated financial information.

Al-Ahleia Insurance Company S.A.K.P. and its Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

As at 30 September 2022

		(Audited)	
	30 September 2022	31 December 2021	30 September 2021
	KD	KD	KD
ASSETS			
Property and equipment	3,291,410	3,328,430	3,379,019
Investment properties	11,817,573	11,814,673	11,816,383
Investment in associates	22,041,861	22,327,643	21,941,480
Financial assets held to maturity	37,525,875	34,737,151	25,715,876
Loans secured by life insurance policyholders	60,207	60,207	62,207
Available-for-sale financial assets	6	51,756,224	56,925,792
Financial assets at fair value through profit or loss	1,135,024	753,534	751,050
Receivables arising from reinsurance contracts and premium accruals	50,488,509	35,911,173	41,734,806
Reinsurance recoverable on outstanding claims	40,485,343	38,506,828	37,725,784
Premiums and insurance balances receivable	14,685,235	24,609,780	12,885,640
Accounts receivable and other debit balances	13,321,768	9,656,266	12,072,110
Term deposits	4	133,862,740	125,483,302
Bank balances and cash	4	14,111,146	7,650,924
TOTAL ASSETS	394,582,915	371,765,703	362,089,994
EQUITY AND LIABILITIES			
Equity			
Share capital	7	22,050,000	22,050,000
Statutory reserve	20,000,000	20,000,000	20,000,000
Voluntary reserve	20,000,000	20,000,000	20,000,000
Special voluntary reserve	8	17,000,000	17,000,000
Treasury shares	9	(1,278,932)	(1,278,932)
Treasury shares reserve	1,474,675	1,474,675	1,474,675
Fair value reserve	9,581,225	13,955,652	13,376,689
Foreign currency translation reserve	754,082	(88,129)	(259,979)
Retained earnings	42,854,441	37,571,878	35,157,124
Other reserve	395,024	242,563	137,818
Equity attributable to equity holders of the Parent Company	132,830,515	130,927,707	126,657,395
Non-controlling interests	8,819,462	9,904,128	11,254,335
Total equity	141,649,977	140,831,835	137,911,730
Liabilities			
Technical reserves arising from insurance and reinsurance contracts:			
Outstanding claims reserve	135,613,219	128,130,051	126,283,452
Unearned premiums reserve	41,804,948	30,875,090	38,987,935
Life mathematical reserve	19,352,260	12,886,293	14,034,119
Incurred but not reported reserve	31,154,134	25,654,046	23,554,146
Total technical reserves arising from insurance and reinsurance contracts	227,924,561	197,545,480	202,859,652
Insurance and reinsurance payables	12,573,388	20,404,532	8,656,783
Accounts payable and other credit balances	12,434,989	12,857,705	12,661,829
Premiums received in advance	-	126,151	-
Total liabilities	252,932,938	230,933,868	224,178,264
TOTAL EQUITY AND LIABILITIES	394,582,915	371,765,703	362,089,994



Ayman Abdullatif Al-Shayea
Chairman

Yousef Saad Al Saad
Chief Executive Officer

The attached notes 1 to 14 form part of this interim condensed consolidated financial information.

Al-Ahleia Insurance Company S.A.K.P. and its Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the period ended 30 September 2022

Equity attributable to equity holders of the Parent Company

	Share Capital KD	Statutory reserve KD	Voluntary reserve KD	Special voluntary reserve KD	Treasury Shares KD	Treasury shares reserve KD	Fair value reserve KD	Foreign currency translation reserve KD	Retained earnings KD	Other Reserve KD	Subtotal KD	Non- controlling Interests KD	Total equity KD
As at 1 January 2022	22,050,000	20,000,000	20,000,000	17,000,000	(1,278,932)	1,474,675	13,955,652	(88,129)	37,571,878	242,563	130,977,707	9,904,128	140,831,835
(Audited) Profit for the period	-	-	-	-	-	-	-	-	12,866,945	-	12,866,945	438,152	13,305,097
Other comprehensive (loss) income for the period	-	-	-	-	-	-	(4,374,427)	842,211	-	-	(3,532,216)	134,875	(3,397,341)
Total comprehensive (loss) income for the period	-	-	-	-	-	-	(4,374,427)	842,211	12,866,945	-	9,334,729	573,027	9,907,756
Cash dividends (Note 14)	-	-	-	-	-	-	-	-	(7,584,382)	-	(7,584,382)	(82,128)	(7,666,510)
Change of ownership percentage of a subsidiary	-	-	-	-	-	-	-	-	-	152,461	152,461	(1,575,565)	(1,423,104)
As at 30 September 2022	22,050,000	20,000,000	20,000,000	17,000,000	(1,278,932)	1,474,675	9,581,225	754,082	42,854,441	395,024	132,830,515	8,819,462	141,649,977

Equity attributable to equity holders of the Parent Company

	Share Capital KD	Statutory reserve KD	Voluntary reserve KD	Special voluntary reserve KD	Treasury shares KD	Treasury shares reserve KD	Fair value reserve KD	Foreign currency translation reserve KD	Retained earnings KD	Other reserve KD	Subtotal KD	Non- controlling interests KD	Total equity KD
As at 1 January 2021	21,000,000	20,000,000	20,000,000	16,000,000	(1,278,932)	1,474,675	6,390,223	56,291	30,815,016	137,818	114,595,091	10,938,335	125,533,426
(Audited) Profit for the period	-	-	-	-	-	-	-	-	10,551,558	-	10,551,558	354,165	10,905,723
Other comprehensive income (loss) for the period	-	-	-	-	-	-	6,986,466	(316,270)	-	-	6,670,196	37,880	6,708,076
Total comprehensive income (loss) for the period	-	-	-	-	-	-	6,986,466	(316,270)	10,551,558	-	17,221,754	392,045	17,613,799
Cash dividends (Note 14)	-	-	-	-	-	-	-	-	(5,159,450)	-	(5,159,450)	(76,045)	(5,235,495)
Bonus share issue	1,050,000	-	-	-	-	-	-	-	(1,050,000)	-	-	-	-
As at 30 September 2021	22,050,000	20,000,000	20,000,000	16,000,000	(1,278,932)	1,474,675	13,376,689	(259,979)	35,157,124	137,818	126,657,395	11,254,335	137,911,730

The attached notes 1 to 14 form part of this interim condensed consolidated financial information.

Al-Ahleia Insurance Company S.A.K.P. and its Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

For the period ended 30 September 2022

	Notes	Nine months ended 30 September	
		2022 KD	2021 KD
OPERATING ACTIVITIES			
Profit before contribution to KFAS, NLST and Zakat		13,917,914	11,408,567
Adjustments to reconcile profit before contribution to KFAS, NLST, and Zakat:			
Depreciation of property and equipment		99,189	193,282
Share of results of associates		457,566	3,362
(Gain) loss on disposal of investment in associate		(247,469)	87,198
Gain on sale of available-for-sale financial assets	5	(2,511,562)	(2,552,416)
Unrealized gain on investment carried at fair value through profit or loss	5	(352,849)	-
Interest income on bonds and term deposits	5	(3,565,011)	(2,775,200)
Dividend income	5	(1,573,846)	(1,697,534)
Income from funds	5	(121,620)	(122,579)
Provision for doubtful debt		350,000	-
Impairment loss on available-for-sale financial assets	6	237,386	1,233,857
Provision for employees' end of service benefits		485,649	510,491
		<u>7,175,347</u>	<u>6,289,028</u>
Changes in operating assets and liabilities:			
Receivables arising from reinsurance contracts and premium accruals		(14,412,392)	(9,171,760)
Reinsurance recoverable on outstanding claims		(1,986,224)	3,650,713
Premiums and insurance balances receivable		9,574,545	13,384,746
Accounts receivable and other debit balances		(2,379,423)	(2,813,734)
Net change in insurance and reinsurance contract liabilities		30,904,032	24,588,923
Insurance and reinsurance payables		(7,831,144)	(11,016,627)
Accounts payable and other credit balances		(1,845,672)	(675,300)
Premiums received in advance		(126,151)	(124,616)
Cash flows from operations		<u>19,072,918</u>	<u>24,111,373</u>
Employees' end of service benefits paid		(143,872)	(54,308)
Net cash flows from operating activities		<u>18,929,046</u>	<u>24,057,065</u>
INVESTING ACTIVITIES			
Purchase of property and equipment		(56,447)	(40,826)
Purchase of available for sale financial assets		(3,999,749)	(5,090,304)
Proceeds from sale of available for sale financial assets		7,184,442	7,021,205
Proceed from sale of investment in associates		392,586	404,520
Proceed from sale of investment at fair value through profit or loss		-	153,195
Purchase of financial assets held to maturity		(5,191,314)	(5,000,000)
Proceed from redemption of financial assets held to maturity		2,398,073	8,378,650
Net movement in loans secured by life insurance policyholders		-	12,000
Term deposits		(8,379,438)	(23,003,507)
Dividends received		1,573,846	1,697,534
Dividend income from investment in associates		-	64,843
Interest income on bonds & term deposit received		2,235,909	1,938,680
Income received from funds		121,620	122,579
Acquisition of non-controlling interest in a subsidiary		(1,423,104)	-
Net cash flows used in investing activities		<u>(5,143,576)</u>	<u>(13,341,431)</u>
FINANCING ACTIVITIES			
Dividends paid		(7,198,148)	(5,195,540)
Net cash flows used in financing activities		<u>(7,198,148)</u>	<u>(5,195,540)</u>
Foreign currency translation adjustment		(127,100)	75,849
NET INCREASE IN CASH AND CASH EQUIVALENTS		<u>6,460,222</u>	<u>5,595,943</u>
Cash and cash equivalents as at 1 January	4	7,650,924	9,802,900
CASH AND CASH EQUIVALENTS AS AT 30 September	4	<u>14,111,146</u>	<u>15,398,843</u>

The attached notes 1 to 14 form part of this interim condensed consolidated financial information.

Al-Ahleia Insurance Company S.A.K.P. and its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 30 September 2022

1 CORPORATE INFORMATION

The Parent Company is a Kuwaiti Shareholding Company registered in 1962 under the Insurance Companies and Agents Law No. 24 of 1961 and its subsequent amendments. The Parent Company is principally engaged in various insurance and reinsurance activities, as set forth in the Parent Company's Articles of Association. The Parent Company's head office is located at Ahmad Al-Jaber street and its registered postal address is P. O. Box 1602, Safat 13017, Kuwait.

The interim condensed consolidated financial information of Al-Ahleia Insurance Company S.A.K.P. (the "Parent Company") and its subsidiaries – Kuwait Reinsurance Company K.S.C.P., and Trade Union Holding CO. B.S.C. (Closed), Bahrain, (collectively, the "Group") for the nine-months period ended 30 September 2022 was authorized for issuance by the Board of Directors on 14 November 2022.

The consolidated financial statements of the Group for the year ended 31 December 2021 were approved by the shareholders of the Parent Company at the Annual General Assembly Meeting held on 5 April 2022.

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

The interim condensed consolidated financial information for the Nine-months period ended 30 September 2022 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 currency of the Parent Company.

The interim condensed consolidated financial information does not contain all information and disclosures required for full consolidated financial statements prepared in accordance with IFRS and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2021. In the opinion of management, all adjustments consisting of normal recurring accruals considered necessary for a fair presentation have been included. Operating results for the nine months' period ended 30 September 2022 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2022.

2.1 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 2021, except for the adoption of new standards effective as of 1 January 2022. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

2.2 Standards issued but not yet effective

Standards and interpretations issued but not yet effective up to the date of issuance of the Group's interim condensed consolidated financial information are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective.

IFRS 17 Insurance Contracts

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 30 September 2022

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

2.2 Standards issued but not yet effective (continued)

The core of IFRS 17 is the general model, supplemented by:

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

IFRS 17 is effective for annual reporting periods beginning on or after 1 January 2023, with comparative figures required. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17.

The Group plans to adopt the new standard on the required effective date together with IFRS 9. The Group started a project to implement IFRS 17 and has been performing an impact assessment of IFRS 17. The Group expects that the new standard will result in an important change to the accounting policies for insurance contract liabilities of the Group and is likely to have a significant impact on profit and total equity together with presentation and disclosure.

3 BASIC AND DILUTED EARNINGS PER SHARE

Basic EPS amounts are calculated by dividing the profit for the period attributable to ordinary equity holders of the Parent Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is calculated by dividing the profit attributable to ordinary equity holders of the Parent Company by the weighted average number of ordinary shares outstanding during the period plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares. As there are no dilutive instruments outstanding, basic and diluted earnings per share are identical.

	<i>Three months ended 30 September</i>		<i>Nine months ended 30 September</i>	
	<i>2022</i>	<i>2021</i>	<i>2022</i>	<i>2021</i>
Profit for the period attributable to equity holders of the Parent Company (KD)	3,658,127	3,088,989	12,866,945	10,551,558
	<i>Shares</i>	<i>Shares</i>	<i>Shares</i>	<i>Shares</i>
Weighted average number of ordinary shares outstanding during the period*	216,696,640	216,696,640	216,696,640	216,696,640
Basic and diluted earnings per share	16.88 fils	14.25 fils	59.38 fils	48.69 fils

- * The weighted average number of shares takes into account the weighted average effect of changes in treasury shares during the period.

Al-Ahleia Insurance Company S.A.K.P. and its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 30 September 2022

4 CASH AND CASH EQUIVALENTS

	<i>30 September</i> <i>2022</i> <i>KD</i>	<i>(Audited)</i> <i>31 December</i> <i>2021</i> <i>KD</i>	<i>30 September</i> <i>2021</i> <i>KD</i>
Term deposits	133,862,740	125,483,302	120,116,749
Bank balances and cash	14,111,146	7,650,924	15,398,843
	<u>147,973,886</u>	<u>133,134,226</u>	<u>135,515,592</u>
Cash and short-term deposits			
Term deposits with original maturities of more than six Months	(133,862,740)	(125,483,302)	(120,116,749)
Cash and cash equivalents	<u>14,111,146</u>	<u>7,650,924</u>	<u>15,398,843</u>

Term deposits amounting to KD 110,000 (31 December 2021: KD 110,000 and 30 September 2021: KD 110,000) are pledged as security to fulfill collateral requirements.

Term deposits include an amount of KD 4,255,000 related to the Parent Company held in State of Kuwait under lien to the Insurance Regulatory Unit (IRU) in accordance with insurance regulations of State of Kuwait (31 December 2021: KD 4,255,000 and 30 September 2021: KD 7,535,000).

The carrying amounts disclosed above reasonably approximate fair value at the reporting date.

5 INVESTMENT INCOME

	<i>Three months ended</i> <i>30 September</i>		<i>Nine months ended</i> <i>30 September</i>	
	<i>2022</i> <i>KD</i>	<i>2021</i> <i>KD</i>	<i>2022</i> <i>KD</i>	<i>2021</i> <i>KD</i>
Gain on sale of available-for-sale financial assets	869,163	897,589	2,511,562	2,552,416
Unrealized gain on investment carried at fair value through profit or loss	-	-	352,849	-
Interest income on bonds and term deposits	1,381,677	946,602	3,565,011	2,775,200
Dividend income	353,029	747,413	1,573,846	1,697,534
Income from funds	48,339	40,261	121,620	122,579
	<u>2,652,208</u>	<u>2,631,865</u>	<u>8,124,888</u>	<u>7,147,729</u>

Al-Ahleia Insurance Company S.A.K.P. and its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

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6 AVAILABLE-FOR-SALE FINANCIAL ASSETS

	30 September 2022	<i>(Audited)</i> 31 December 2021	30 September 2021
	KD	KD	KD
<i>Local equity securities:</i>			
Quoted	22,164,306	26,298,190	27,443,541
Unquoted	3,031,178	3,027,839	3,027,839
	<u>25,195,484</u>	<u>29,326,029</u>	<u>30,471,380</u>
<i>Foreign equity securities:</i>			
Quoted	-	1,790	1,783
Unquoted	11,359,006	11,130,152	11,714,810
	<u>11,359,006</u>	<u>11,131,942</u>	<u>11,716,593</u>
<i>Managed funds</i>			
Unquoted	14,969,070	16,194,457	16,028,710
Bonds	232,664	273,364	273,364
	<u>15,201,734</u>	<u>16,467,821</u>	<u>16,302,074</u>
	<u>51,756,224</u>	<u>56,925,792</u>	<u>58,490,047</u>

As at 30 September 2022, the management has performed a review of its available-for-sale financial assets to assess whether any impairment has occurred in their value. Accordingly, an impairment loss of KD 237,386 (31 December 2021: KD 1,383,827 and 30 September 2021: KD 1,233,857) has been recorded in the interim condensed consolidated statement of income for the period then ended. Fair value hierarchy disclosed in (note 12).

7 SHARE CAPITAL

Issued and fully paid-up share capital consists of 220,500,000 shares of 100 fils each (31 December 2021: 220,500,000 shares of 100 fils and 30 September 2021: 220,500,000 shares of 100 fils each).

On 5 April 2022, the Parent Company held an Extraordinary General Assembly Meeting of the shareholders and approved to increase the authorized capital to be KD 30,000,000 from KD 22,050,000.

8 SPECIAL VOLUNTARY RESERVE

On 5 April 2022, the Ordinary Annual General Assembly of the shareholders of the Parent Company approved the transfer of an amount of KD 1,000,000 from the profit for the year ended 31 December 2021 to the special voluntary reserve.

9 TREASURY SHARES

	30 September 2022	<i>(Audited)</i> 31 December 2021	30 September 2021
Number of treasury shares	<u>3,803,360</u>	<u>3,803,360</u>	<u>3,803,360</u>
Percentage of issued shares (%)	<u>1.72</u>	<u>1.72</u>	<u>1.72</u>
Cost (KD)	<u>1,278,932</u>	<u>1,278,932</u>	<u>1,278,932</u>
Market value (KD)	<u>1,814,203</u>	<u>1,909,287</u>	<u>1,901,680</u>

Al-Ahleia Insurance Company S.A.K.P. and its Subsidiaries

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9 TREASURY SHARES (continued)

Reserves amounting to KD 1,278,932 (31 December 2021: KD 1,278,932 and 30 September 2021: KD 1,278,932) equivalent to the cost of the treasury shares held, are not available for distribution during the holding period of such shares as per CMA guidelines.

The weighted average market price of the Parent Company's shares for the period ended 30 September 2022 is 521 fils per share (31 December 2021: 494 fils per share and 30 September 2021: 495 fils per share).

10 CAPITAL COMMITMENTS AND CONTINGENCIES

10.1 Commitments

As at 30 September 2022, the Group has commitments in respect of certain available-for-sale investment amounting to KD 3,190,360 (31 December 2021: KD 4,117,240 and 30 September 2021: KD 3,412,154).

10.2 Contingent liabilities

As at 30 September 2022, the Group's bankers have provided bank guarantees amounting to KD 1,499,407 (31 December 2021: KD 1,463,627 and 30 September 2021: KD 1,477,304) from which it is anticipated that no material liabilities will arise.

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 interim condensed consolidated financial position.

11 RELATED PARTY DISCLOSURES

Related parties represent i.e. major shareholders, directors and key management personnel of the Group, and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Parent Company's management and the board of directors.

Transactions with related parties included in the interim condensed consolidated statement of income are, as follows:

Nine months period ended 30 September 2022

	<i>Key management and board members KD</i>	<i>Associates KD</i>	<i>Parent Company's shareholders KD</i>	<i>Others KD</i>	<i>Total KD</i>
Gross premiums	61,489	375,313	1,141,925	27,489	1,606,216
Claims incurred	-	234,510	230,272	-	464,782

Nine months period ended 30 September 2021

	<i>Key management and board members KD</i>	<i>Associates KD</i>	<i>Parent Company's shareholders KD</i>	<i>Others KD</i>	<i>Total KD</i>
Gross premiums	35,559	509,544	912,472	15,684	1,473,259
Claims incurred	(126)	248,044	825,026	-	1,072,944

Al-Ahleia Insurance Company S.A.K.P. and its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 30 September 2022

11 RELATED PARTY DISCLOSURES (continued)

Balances with related parties included in the interim condensed consolidated statement of financial position are, as follows:

30 September 2022	<i>Key management and board members KD</i>	<i>Associates KD</i>	<i>Parent Company's shareholders KD</i>	<i>Others KD</i>	<i>Total KD</i>
Premiums and insurance balances receivable	48,316	303,654	1,394,814	6,753	1,753,537
Other credit balances	-	5,211	-	-	5,211
31 December 2021 (Audited)	<i>Key management and board members KD</i>	<i>Associates KD</i>	<i>Parent Company's shareholders KD</i>	<i>Others KD</i>	<i>Total KD</i>
Premiums and insurance balances receivable	33,405	524,624	2,007,015	9,260	2,574,304
Other credit balances	464	-	4,283	250	4,997
30 September 2021	<i>Key management and board members KD</i>	<i>Associates KD</i>	<i>Parent Company's shareholders KD</i>	<i>Others KD</i>	<i>Total KD</i>
Premiums and insurance balances receivable	31,598	582,267	1,502,819	6,754	2,123,438
Other credit balances	21	-	4,372	-	4,393

Key management personnel compensation:

Key management personnel comprise of the Board of Directors and key members of management having authority and responsibility for planning, directing and controlling the activities of the Group.

	<i>Three months ended 30 September</i>		<i>Nine months ended 30 September</i>	
	<i>2022 KD</i>	<i>2021 KD</i>	<i>2022 KD</i>	<i>2021 KD</i>
Salaries and other short-term benefits	177,852	167,230	724,806	676,758
Employees' end of service benefits	31,458	20,832	212,757	144,212
	<u>209,310</u>	<u>188,062</u>	<u>937,563</u>	<u>820,970</u>

On 23 February 2022, the Parent Company proposed board of directors' fees of KD 298,039 (2021: KD 195,350). This proposal was approved by the Annual Ordinary General Assembly Meeting of the Parent Company's shareholders on 5 April 2022.

The subsidiary's board of directors has proposed directors' fees of KD 206,500 (2021: KD 185,495) and was approved of the subsidiary's Annual Ordinary General Assembly Meeting on 17 April 2022.

Al-Ahleia Insurance Company S.A.K.P. and its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 30 September 2022

12 FAIR VALUE OF FINANCIAL INSTRUMENTS

Financial instruments comprise of financial assets and financial liabilities.

Financial assets consist of available-for-sale financial assets, financial assets at fair value through profit or loss, financial assets held for maturity, loans secured by life insurance policyholders, premiums and insurance balances receivable, reinsurance recoverable on outstanding claims, accounts receivable and other debit balances, term deposits and bank balances and cash. Financial liabilities consist of insurance and reinsurance payables and accounts payable and other credit balances.

All assets and liabilities for which fair value is measured or disclosed in the interim condensed consolidated financial information are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

The fair values of financial instruments (financial assets and financial liabilities), with the exception of certain available-for-sale financial assets carried at cost amounting to KD 6,120,387 (31 December 2021: KD 6,188,181 and 30 September 2021: KD 6,982,585 are not materially different from their carrying values.

The following table provides the fair value measurement hierarchy of the Group's financial assets measured at fair value on a recurring basis:

	<i>Fair value measurement using</i>		
	<i>Quoted prices in active markets (Level 1) KD</i>	<i>Significant unobservable inputs (Level 3) KD</i>	<i>Total KD</i>
30 September 2022			
<i>Available-for-sale financial assets:</i>			
Quoted equity securities	22,164,306	-	22,164,306
Unquoted equity securities	-	8,688,388	8,688,388
Unquoted managed funds	-	14,783,143	14,783,143
Total	22,164,306	23,471,531	45,635,837
<i>Financial assets at fair value through profit or loss:</i>			
Unquoted equity securities	-	1,135,024	1,135,024

Al-Ahleia Insurance Company S.A.K.P. and its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 30 September 2022

12 FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

	<i>Quoted prices in active markets (Level 1) KD</i>	<i>Significant unobservable inputs (Level 3) KD</i>	<i>Total fair value KD</i>
31 December 2021 (Audited)			
<i>Available-for-sale financial assets:</i>			
Quoted equity securities	26,299,980	-	26,299,980
Unquoted equity securities	-	8,459,533	8,459,533
Unquoted managed funds	-	15,978,098	15,978,098
Total	26,299,980	24,437,631	50,737,611
<i>Financial assets at fair value through profit or loss:</i>			
Unquoted equity securities	-	753,534	753,534
		<i>Fair value measurement using</i>	
	<i>Quoted prices in active markets (Level 1) KD</i>	<i>Significant unobservable inputs (Level 3) KD</i>	<i>Total KD</i>
30 September 2021			
<i>Available-for-sale financial assets:</i>			
Quoted equity securities	27,445,324	-	27,445,324
Unquoted equity securities	-	8,432,192	8,432,192
Unquoted managed funds	-	15,629,946	15,629,946
Total	27,445,324	24,062,138	51,507,462
<i>Financial assets at fair value through profit or loss:</i>			
Unquoted equity securities	-	751,050	751,050

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 30 September 2022

12 FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

Reconciliation of recurring fair value measurement categorized within level three of the fair value hierarchy:

	<i>As at 1 January 2022 KD</i>	<i>Net result recorded in the interim consolidated statement of comprehensive income KD</i>	<i>Remeasurement recognized in the interim consolidated statement of income KD</i>	<i>Purchases(sales), net KD</i>	<i>As at 30 September 2022 KD</i>
30 September 2022					
<i>Available-for-sale financial assets:</i>					
Unquoted equity securities	8,459,533	234,255	(5,400)	-	8,688,388
Unquoted managed funds	15,978,098	(353,073)	(231,986)	(609,896)	14,783,143
	<u>24,437,631</u>	<u>(118,818)</u>	<u>(237,386)</u>	<u>(609,896)</u>	<u>23,471,531</u>
<i>Financial assets at fair value through profit or loss:</i>					
Unquoted equity securities	753,534	-	352,849	28,641	1,135,024

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 30 September 2022

12 FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

Reconciliation of recurring fair value measurement categorized within level three of the fair value hierarchy (continued):

	As at 1 January 2021	Net result recorded in the consolidated statement of comprehensive income	Remeasurement recognized in the consolidated statement of income	Purchases (sales), net	As at 31 December 2021
	KD	KD	KD	KD	KD
<i>31 December 2021 (Audited)</i>					
<i>Available-for-sale financial assets:</i>					
Unquoted equity securities	6,625,324	914,262	(185,100)	1,105,047	8,459,533
Unquoted managed funds	16,486,014	624,818	(236,963)	(895,771)	15,978,098
	<u>23,111,338</u>	<u>1,539,080</u>	<u>(422,063)</u>	<u>209,276</u>	<u>24,437,631</u>
<i>Financial assets at fair value through profit or loss:</i>					
Unquoted equity securities	906,486	-	-	(152,952)	753,534

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 30 September 2022

12 FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

Reconciliation of recurring fair value measurement categorized within level three of the fair value hierarchy (continued):

	As at 1 January 2021 KD	Net result recorded in the interim condensed consolidated statement of comprehensive income KD	Remeasurement recognized in the interim condensed statement of income KD	Purchases(sales), net KD	As at 30 September 2021 KD
30 September 2021					
<i>Available-for-sale financial assets:</i>					
Unquoted equity securities	6,625,324	886,921	(185,100)	1,105,047	8,432,192
Unquoted managed funds	16,486,014	496,496	(236,963)	(1,115,601)	15,629,946
	<u>23,111,338</u>	<u>1,383,417</u>	<u>(422,063)</u>	<u>(10,554)</u>	<u>24,062,138</u>
<i>Financial assets at fair value through profit or loss:</i>					
Unquoted equity securities	906,486	-	-	(155,436)	751,050

There were no transfers between Level 1 and Level 2 fair value measurements during the period, and no transfers into or out of Level 3 fair value measurements during the nine months ended 30 September 2022.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 30 September 2022

12 FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

Reconciliation of recurring fair value measurement categorized within level three of the fair value hierarchy (continued):

Set out below are the significant unobservable inputs to valuation as at 30 September 2022:

	<i>Valuation technique</i>	<i>Significant unobservable inputs</i>	<i>Range</i>	<i>Sensitivity of the input to fair value</i>
Unquoted equity securities	Price to book value	Discount for lack of marketability (DLOM)	10%	An increase or (decrease) by 10% in the discount for lack of marketability & lack of control would result in (decrease) or increase in fair value by KD 868 thousands.
Unquoted managed funds	Adjusted net assets value	Discount for lack of marketability	10%	An increase or (decrease) by 10% in the discount for lack of marketability would result in (decrease) increase in fair value by KD 1,478 thousand.

Al-Ahleia Insurance Company S.A.K.P. and its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

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13 SEGMENT INFORMATION

For management purposes, the Group is organized into business units based on their products and services and has four reportable segments: General risk insurance, life and medical insurance, reinsurance and investment. The following table presents revenue, results, assets, and liabilities information of the Group's reportable segments:

30 September 2022	General risk insurance							Total KD
	Marine and aviation KD	Accidents KD	Fire KD	Life and medical insurance KD	Reinsurance KD	Investment KD	Unallocated KD	
Segment revenue	3,175,002	6,328,803	1,058,310	19,053,560	48,202,593	8,652,502	203,827	86,674,597
Segment results	1,642,954	1,948,791	293,075	732,876	5,853,213	3,975,587	(528,582)	13,917,914
Assets				Life and medical insurance KD	Reinsurance KD	Investment KD	General risk insurance KD	Total KD
Liabilities				22,404,880	215,805,297	119,194,270	37,178,468	394,582,915
				58,873,501	148,942,829	661	45,115,947	252,932,938
31 December 2021 (Audited)	General risk insurance							Total KD
	Marine and aviation KD	Accidents KD	Fire KD	Life and medical insurance KD	Reinsurance KD	Investment KD	Unallocated KD	
Segment revenue	3,602,369	8,143,807	1,672,463	15,272,374	62,886,577	10,302,836	419,502	102,299,928
Segment results	1,584,838	1,839,711	512,254	218,629	6,881,353	4,919,242	(216,944)	15,739,083
Assets				Life and medical insurance KD	Reinsurance KD	Investment KD	General risk insurance KD	Total KD
Liabilities				16,115,161	190,229,279	121,747,833	43,673,430	371,765,703
				48,462,550	128,291,712	-	54,179,606	230,933,868

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As at and for the period ended 30 September 2022

13 SEGMENT INFORMATION (continued)

30 September 2021	General risk insurance					Total KD		
	Marine and aviation KD	Accidents KD	Fire KD	Life and medical insurance KD	Reinsurance KD			
Segment revenue	2,743,622	6,145,346	1,115,703	14,071,882	47,078,394	79,192,776		
Segment results	1,086,382	1,235,319	240,682	508,914	4,858,710	11,408,567		
Assets				Life and medical insurance KD	Reinsurance KD	Investment KD	General risk insurance KD	Total KD
				15,928,297	189,770,655	115,883,343	40,507,699	362,089,994
Liabilities				51,287,473	129,644,299	-	43,246,492	224,178,264

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14 ANNUAL GENERAL ASSEMBLY (AGM)

The Annual General Assembly meeting of the shareholders of the Parent Company held on 5 April 2022 approved the consolidated financial statements for the year ended 31 December 2021 and approved the cash dividends of 35% for the year ended 31 December 2021 (31 December 2020: 25%), totaling to KD 7,584,382 (31 December 2020: KD 5,159,450). Accordingly, cash dividends were recorded as dividends payable in the Parent Company's recorded as of the date of the Ordinary Annual General Assembly and was paid to the shareholders as starting from the payment date of 26 April 2022 which was defined in accordance with Capital Market Authority regulations.

The Annual General Assembly of the shareholders of the Parent Company approved the transfer of an amount of KD 1,000,000 from the profit for the year ended 31 December 2021 to the special voluntary reserve.

On 5 April 2022, the Parent Company held an Extraordinary General Assembly Meeting of the shareholders and approved to increase the authorized capital to be KD 30,000,000 from KD 22,050,000.