

Qatar Insurance Company Q.S.P.C.

**INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REVIEW REPORT**

**FOR THE SIX MONTH PERIOD ENDED
30 JUNE 2023**

Qatar Insurance Company Q.S.P.C.

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six-month period ended 30 June 2023

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Independent auditors' report on review of interim condensed consolidated financial statements

**To the Shareholders of Qatar Insurance Company Q.S.P.C.
Doha – Qatar**

Introduction

We have reviewed the accompanying 30 June 2023 interim condensed consolidated financial statements of Qatar Insurance Company Q.S.P.C. (the "Company") and its subsidiaries (together the "Group"), which comprises:

- the interim consolidated statement of financial position as at 30 June 2023;
- the interim consolidated statement of profit or loss for the three-month and six-month periods ended 30 June 2023;
- the interim consolidated statement of comprehensive income for the three-month and six-month periods ended 30 June 2023;
- the interim consolidated statement of changes in equity for the six-month period ended 30 June 2023;
- the interim consolidated statement of cash flows for the six-month period ended 30 June 2023; and
- notes to the interim condensed consolidated financial statements.

The Board of Directors of the Company is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with IAS 34, 'Interim Financial Reporting' as issued by the International Accounting Standards Board.. Our responsibility is to express a conclusion on this interim condensed consolidated financial statement based on our review.

Scope of Review

We conducted our review in accordance with the 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.



Independent auditors' report on review of Interim condensed consolidated interim financial statements (continued)

Qatar Insurance Company Q.S.P.C.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying 30 June 2023 interim consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting' as issued by the International Accounting Standards Board.

14 August 2023
Doha
State of Qatar

Yacoub Hobeika
KPMG
Qatar Auditor's Registry Number 289
Licensed by QFMA: External
Auditor's License No. 120153



Qatar Insurance Company Q.S.P.C.

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2023

		30 June 2023	31 December 2022	1 January 2022
	Notes	QR' 000 (Reviewed)	QR' 000 (Restated)	QR' 000 (Restated)
ASSETS				
Cash and short-term deposits	6	5,535,727	6,473,253	9,598,720
Financial investments	7	12,671,849	12,736,579	16,060,488
Other receivables	8	845,028	668,306	1,036,685
Reinsurance contract assets	10	1,912,931	1,850,837	5,648,417
Investment in associates and joint venture		423,352	459,576	448,489
Investment properties	11	683,810	636,211	463,927
Property and equipment		110,043	107,162	126,143
Goodwill and intangible assets		444,931	444,931	557,597
		<u>22,627,671</u>	<u>23,376,855</u>	<u>33,940,466</u>
Assets held for sale	21	7,168,552	5,753,124	-
TOTAL ASSETS		29,796,223	29,129,979	33,940,466
LIABILITIES AND SHAREHOLDERS' EQUITY				
LIABILITIES				
Short term borrowings		2,109,722	3,054,144	4,422,439
Other payables		918,768	351,366	897,006
Loans		140,514	124,752	171,262
Insurance contract liabilities	10	11,564,876	12,156,182	18,278,399
		<u>14,733,880</u>	<u>15,686,444</u>	<u>23,769,106</u>
Liabilities directly associated with the assets held for sale	21	6,627,110	5,518,636	-
TOTAL LIABILITIES		21,360,990	21,205,080	23,769,106
SHAREHOLDERS' EQUITY				
Share capital	15.1	3,266,101	3,266,101	3,266,101
Share premium	15.2	2,759,194	2,759,194	2,759,194
Legal reserve	16	635,754	634,955	634,567
General reserve		287,000	287,000	287,000
Fair value reserve		(586,348)	(645,718)	189,700
Catastrophe special reserve		32,017	32,017	32,017
Insurance finance reserve		852,938	735,034	12,776
Other components of equity	17	34,257	(21,968)	36,255
(Accumulated losses) / retained earnings		(1,476,255)	(1,705,212)	168,215
Reserves of disposal group held for sale		(31,554)	(36,858)	-
Equity attributable to shareholders of the Parent Company		5,773,104	5,304,545	7,385,827
Non-controlling interests		141,214	99,439	88,292
TOTAL SHAREHOLDERS' EQUITY		5,914,318	5,403,984	7,474,119
Subordinated perpetual debt	18	2,520,915	2,520,915	2,697,241
TOTAL EQUITY		8,435,233	7,924,899	10,171,360
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		29,796,223	29,129,979	33,940,466

Sheikh Hamad bin Faisal bin Thani Jasim Al Thani
Chairman



Salem Al-Mannai
Group Chief Executive Officer

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

Qatar Insurance Company Q.S.P.C.

INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the three month and six month period ended 30 June 2023

		For the three month period ended		For the six month period ended	
		30 June 2023	30 June 2022	30 June 2023	30 June 2022
	Note	(QR '000)	(QR '000)	(QR '000)	(QR '000)
		(Reviewed)	(Reviewed & restated)	(Reviewed)	(Reviewed & restated)
CONTINUING OPERATIONS					
Insurance revenue	12	1,703,935	1,954,075	3,049,483	3,796,513
Insurance service expense	12	(1,396,296)	(1,291,520)	(2,384,706)	(2,731,390)
Net expenses from reinsurance contract	12	(31,887)	(547,497)	(112,909)	(1,032,904)
Insurance service result		275,752	115,058	551,868	32,219
Net finance expenses from insurance contracts	12	(62,734)	(34,116)	(149,917)	(28,475)
Net finance expenses from reinsurance contracts	12	(3,967)	(25,058)	(29,150)	(33,332)
Net insurance finance results		(66,701)	(59,174)	(179,067)	(61,807)
Investment income		251,896	197,675	485,984	444,478
Finance costs		(35,892)	(16,827)	(73,886)	(31,594)
Net investment income		216,004	180,848	412,098	412,884
Advisory fee income		7,920	8,774	14,643	21,681
Rental income		8,691	9,236	15,631	16,848
Other income		500	1,702	5,220	5,299
Total investment and other income		233,115	200,560	447,592	456,712
Share of profit of associates and joint venture		4,194	7,128	12,833	18,039
TOTAL INCOME		446,360	263,572	833,226	445,163
Operating and administrative expenses		(49,261)	(9,051)	(109,277)	(87,194)
Depreciation and amortisation		(10,343)	(11,091)	(19,500)	(25,511)
PROFIT BEFORE TAX FROM CONTINUING OPERATIONS		386,756	243,430	704,449	332,458
Income tax expense		(10,539)	(574)	(23,269)	(3,312)
PROFIT AFTER TAX FROM CONTINUING OPERATIONS		376,217	242,856	681,180	329,146
DISCONTINUED OPERATIONS					
Loss after tax from discontinued operation	21	(225,789)	(162,469)	(355,729)	(213,156)
PROFIT AFTER TAX		150,428	80,387	325,451	115,990
Attributable to:					
Shareholders of the parent		151,375	72,471	324,528	96,815
Non-controlling interests		(947)	7,916	923	19,175
		150,428	80,387	325,451	115,990
Earnings per share					
Basic and diluted earnings attributable to shareholders of the parent Qatari Riyals	13	0.036	0.006	0.074	0.007
Earnings per share for continuing operations					
Basic and diluted earnings from continuing operations attributable to shareholders of the parent in Qatari Riyals	13	0.105	0.055	0.183	0.072



The accompanying notes are an integral part of these interim condensed consolidated financial statements.

Qatar Insurance Company Q.S.P.C.

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three month and six month period ended 30 June 2023

	<i>For the three month period ended</i>		<i>For the six month period ended</i>	
	<i>30 June</i>	<i>30 June</i>	<i>30 June</i>	<i>30 June</i>
	<i>2023</i>	<i>2022</i>	<i>2023</i>	<i>2022</i>
	<i>QR ('000)</i>	<i>QR ('000)</i>	<i>QR ('000)</i>	<i>QR ('000)</i>
	<i>(Reviewed)</i>	<i>(Reviewed & restated)</i>	<i>(Reviewed)</i>	<i>(Reviewed & restated)</i>
Profit for the period	150,428	80,387	325,451	115,990
Other comprehensive income (OCI)				
Items that are or may be reclassified subsequently to profit or loss				
<i>Debt instruments at fair value through other comprehensive income</i>				
Net changes in fair value of investments	(36,357)	(347,851)	59,675	(750,328)
Net finance income from insurance contracts	332,484	233,778	224,084	524,654
Net finance expense from reinsurance contracts	(138,391)	(89,239)	(106,180)	(162,417)
Foreign currency translation differences on foreign operations	18,843	(77,044)	48,620	(107,222)
TOTAL COMPREHENSIVE INCOME / (LOSS) FOR THE PERIOD	327,007	(199,969)	551,650	(379,323)
<i>Attributable to:</i>				
Shareholders of the Parent	328,045	(206,023)	550,507	(394,839)
Non-controlling interests	(1,038)	6,054	1,143	15,516
	327,007	(199,969)	551,650	(379,323)
<i>Attributable to shareholders of the Parent:</i>				
Continuing operations	548,709	(43,554)	900,932	(181,683)
Discontinued operations	(220,664)	(162,469)	(350,425)	(213,156)
	328,045	(206,023)	550,507	(394,839)



The accompanying notes are an integral part of these interim condensed consolidated financial statements.

Qatar Insurance Company Q.S.P.C.

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

For the six month period ended 30 June 2023

	Attributable to shareholders of the Parent												
	Share capital QR (‘000)	Share premium QR (‘000)	Legal reserve QR (‘000)	General reserve QR (‘000)	Fair value reserve QR (‘000)	Catastrophe special reserve QR (‘000)	Other components of equity QR (‘000)	Insurance finance reserve QR (‘000)	(Accumulated losses) / retained earnings QR (‘000)	Reserves of a disposal group held for sale QR (‘000)	Total QR (‘000)	Non-controlling interests QR (‘000)	Total shareholders' equity QR (‘000)
At 31 December 2022, as previously reported	3,266,101	2,759,194	634,955	287,000	(645,545)	32,017	(22,554)	-	52,315	(44,233)	6,319,250	97,531	6,416,781
Adjustment on initial application of IFRS 17, net of tax	-	-	-	-	(173)	-	586	735,034	(1,757,527)	7,375	(1,014,705)	1,908	(1,012,797)
Restated balance at 1 January 2023	3,266,101	2,759,194	634,955	287,000	(645,718)	32,017	(21,968)	735,034	(1,705,212)	(36,858)	5,304,545	99,439	5,403,984
Profit for the period	-	-	-	-	-	-	-	-	324,528	-	324,528	923	325,451
Net change in investments at fair value through other comprehensive income	-	-	-	-	59,379	-	-	117,904	-	-	177,283	296	177,579
Foreign currency translation reserve	-	-	-	-	-	-	43,392	-	-	5,304	48,696	(76)	48,620
Total comprehensive income for the period	-	-	-	-	59,379	-	43,392	117,904	324,528	5,304	550,507	1,143	551,650
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(2,473)	(2,473)
Interest on subordinated perpetual debt	-	-	-	-	-	-	-	-	(83,365)	-	(83,365)	-	(83,365)
Transfer to other components of equity	-	-	-	-	-	-	12,833	-	(12,833)	-	-	-	-
Increase due to merger (Note 1)	-	-	799	-	(9)	-	-	-	627	-	1,417	43,105	44,522
Balance at 30 June 2023 (Reviewed & restated)	3,266,101	2,759,194	635,754	287,000	(586,348)	32,017	34,257	852,938	(1,476,255)	(31,554)	5,773,104	141,214	5,914,318



The accompanying notes are an integral part of these interim condensed consolidated financial statements.

Qatar Insurance Company Q.S.P.C.

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

For the six month period ended 30 June 2023

	<i>Attributable to shareholders of the Parent</i>										<i>Non-controlling interests</i>	<i>Total shareholders' equity</i>
	<i>Share capital</i>	<i>Share premium</i>	<i>Legal reserve</i>	<i>General reserve</i>	<i>Fair value reserve</i>	<i>Catastrophe special reserve</i>	<i>Other components of equity</i>	<i>Insurance finance reserve</i>	<i>(Accumulated losses) / retained earnings</i>	<i>Total</i>		
	<i>QR</i>	<i>QR</i>	<i>QR</i>	<i>QR</i>	<i>QR</i>	<i>QR</i>	<i>QR</i>	<i>QR</i>	<i>QR</i>	<i>QR</i>	<i>QR</i>	<i>QR</i>
	<i>('000)</i>	<i>('000)</i>	<i>('000)</i>	<i>('000)</i>	<i>('000)</i>	<i>('000)</i>	<i>('000)</i>	<i>('000)</i>	<i>('000)</i>	<i>('000)</i>	<i>('000)</i>	<i>('000)</i>
Balance at 1 January 2022, as previously reported	3,266,101	2,759,194	634,567	287,000	189,701	32,017	36,739	-	1,213,589	8,418,908	98,959	8,517,867
Adjustment on initial application of IFRS 17, net of tax	-	-	-	-	-	-	(483)	12,776	(1,045,374)	(1,033,081)	(10,667)	(1,043,748)
Restated balance at 1 January 2022	3,266,101	2,759,194	634,567	287,000	189,701	32,017	36,256	12,776	168,215	7,385,827	88,292	7,474,119
Profit for the period	-	-	-	-	-	-	-	-	96,815	96,815	19,175	115,990
Net change in investments at fair value through other comprehensive income	-	-	-	-	(746,873)	-	-	362,237	-	(384,636)	(3,455)	(388,091)
Foreign currency translation reserve	-	-	-	-	-	-	(107,018)	-	-	(107,018)	(204)	(107,222)
Total comprehensive income for the period	-	-	-	-	(746,873)	-	(107,018)	362,237	96,815	(394,839)	15,516	(379,323)
Dividend paid (Note 14)	-	-	-	-	-	-	-	-	(326,610)	(326,610)	-	(326,610)
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(2,730)	(2,730)
Interest on subordinated perpetual debt	-	-	-	-	-	-	-	-	(74,665)	(74,665)	-	(74,665)
Transfer to other components of equity	-	-	-	-	-	-	18,039	-	(18,039)	-	-	-
Balance at 30 June 2022 <i>(Reviewed & restated)</i>	3,266,101	2,759,194	634,567	287,000	(557,172)	32,017	(52,723)	375,013	(154,284)	6,589,713	101,078	6,690,791



The accompanying notes are an integral part of these interim condensed consolidated financial statements.

Qatar Insurance Company Q.S.P.C.

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

For the six month period ended 30 June 2023

	Notes	For the six month period ended	
		30 June	30 June
		2023	2022
		QR ('000)	QR ('000)
		(Reviewed)	(Reviewed & restated)
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax from continuing operations		704,449	332,458
Loss before tax from discontinued operations	21	(355,747)	(183,536)
Profit for the year		348,702	148,922
<i>Adjustments for:</i>			
Depreciation and amortisation		19,214	25,558
Impairment of investment property		-	3,920
Share of profit from investments in associates and joint venture		(12,833)	(18,039)
Investment income and other income		(364,903)	(345,123)
Finance costs		73,886	31,594
Provision for employees' end of service benefits		23,294	3,155
Net foreign exchange loss on property and equipment and investment properties		(67,706)	48,622
Net unrealised gain on investments		(68,848)	(89,678)
		(49,194)	(191,069)
<i>Working capital changes:</i>			
- Insurance and reinsurance contracts		(101,204)	(1,617,844)
- Other receivables		(667,531)	423,744
- Other payables		330,639	(257,096)
Cash used in operating activities		(487,290)	(1,642,265)
Income tax paid		(3,871)	(1,975)
Finance costs		(73,886)	(31,594)
Employees' end of service benefits paid		(549)	(516)
Net cash used in operating activities		(565,596)	(1,676,350)
CASH FLOWS FROM INVESTING ACTIVITIES			
Net cash movements in investments		171,127	696,178
Investment income and other finance income		364,903	345,123
Acquisition of property and equipment		(2,490)	(6,600)
Proceeds from sale of property and equipment		8	-
Payment for increase in stake in subsidiaries		44,522	-
Dividends received from associates and joint venture		49,057	25,750
Net cash from investing activities		627,127	1,060,451
CASH FLOWS FROM FINANCING ACTIVITIES			
Interest on subordinated perpetual debt		(83,365)	(74,665)
Dividends paid (Note 14)		-	(326,610)
Dividend paid to non-controlling interests		(2,473)	(2,730)
Net movement of borrowings		(944,403)	(1,424)
Net cash used in financing activities		(1,030,241)	(405,429)
Net decrease in cash and cash equivalents		(968,710)	(1,021,328)
Effect of foreign currency exchange differences		64,363	(123,183)
Cash and cash equivalents at 1 January		7,363,766	9,598,720
CASH AND CASH EQUIVALENTS AT 30 JUNE	6	6,459,419	8,454,209



The accompanying notes are an integral part of these interim condensed consolidated financial statements.

1 STATUS AND OPERATIONS

Qatar Insurance Company Q.S.P.C. (the “Parent Company”) is a public shareholding company incorporated in the State of Qatar in the year 1964 under Commercial Registration No. 20 and governed by the provisions of the Qatar Commercial Companies’ Law and Qatar Central Bank’s insurance regulations. The Parent Company and its subsidiaries (the “Group”) are engaged in the business of insurance, reinsurance, real estate asset management and information technology related services. The head office of the Group is at QIC Building, Tamin Street, West Bay, P.O. Box 666, Doha, State of Qatar.

The Parent Company’s shares are listed on Qatar Stock Exchange.

The Group operates in the State of Qatar, United Arab Emirates, Sultanate of Oman, State of Kuwait, United Kingdom, Switzerland, Bermuda, Singapore, Cayman Islands, Gibraltar, Jersey and Malta.

On 1 January 2023, Oman Qatar Insurance Company S.A.O.G. (“OQIC”) has completed the 100% merger of Vision insurance. Accordingly, all the assets and liabilities of Vision Insurance is now transferred to OQIC through this acquisition.

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The interim condensed consolidated financial statements for the six months period ended 30 June 2023 have been prepared in accordance with IAS 34 - “Interim Financial Reporting” and the applicable provisions of the Qatar Central Bank regulations, under the historical cost convention except for certain financial instruments which are stated at fair value. The Group has prepared the financial statements on the basis that it will continue to operate as a going concern. The Directors consider that there are no material uncertainties that may cast significant doubt over this assumption. They have formed a judgement that there is a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future, and not less than 12 months from the end of the reporting period.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group’s annual consolidated financial statements as at 31 December 2022. In addition, results for the six months period ended 30 June 2023 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2023.

2.2 Basis of accounting

These interim condensed consolidated financial statements have been prepared in accordance with IFRS standards and were approved by the Board of Directors and signed on its behalf on 14 August 2023.

This is the first set of the Group’s interim condensed consolidated financial statements for six months period in which IFRS 17 Insurance Contracts and Estimated Credit losses (ECL) of insurance and reinsurance receivables as per IFRS 9 Financial Instruments. The related changes to significant accounting policies are described in Note 2.5.

2.3 Functional and presentation currency

The interim condensed consolidated financial statements are presented in Qatari Riyals (“QR”), which is the Group’s functional and presentation currency except as otherwise indicated, financial statements presented in QR has been rounded to the nearest thousand.

2.4 Significant accounting policies

Except as described in note 2.5, the accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2022.

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**2.4 Significant accounting policies (continued)**

During the current period, the Group adopted the below amendments to International Financial Reporting Standards (“IFRS”) that are effective for annual periods beginning on 1 January 2023:

Effective Date	New Standard / Amendments
1 January 2023	<ul style="list-style-type: none"> • <i>Classification of Liabilities as Current or Non-current - Amendments to IAS 1</i> • <i>IFRS 17 Insurance Contracts</i> • <i>Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2</i> • <i>Definition of Accounting Estimates - Amendments to IAS 8</i> • <i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS 12</i>
Available for optional adoption/ effective date deferred indefinitely	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)</i>

The adoption of the above amendments has had no significant impact on the interim condensed consolidated financial statements except for IFRS 17 Insurance Contracts the effect of which are described in Note 2.5.

Standard issued but not yet effective

The below new and amended International Financial Reporting Standards (“IFRS” or “standards”) that are available for early adoption for financial years beginning on and after 1 January 2022 and have not been applied in preparing these interim condensed consolidated financial statements:

Effective Date	New Standard / Amendments
1 January 2024	<ul style="list-style-type: none"> • <i>Non-current Liabilities with Covenants – Amendments to IAS 1.</i> • <i>Classification of Liabilities as Current or Non-current – Amendments to IAS 1.</i> • <i>Lease Liability in a Sale and Leaseback – amendments to IFRS 16.</i>
Available for optional adoption/ effective date deferred indefinitely	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)</i>

Management does not expect that the adoption of the above new and amended standards will have a significant impact on these interim condensed consolidated financial statements.

2.5 Changes in significant accounting policies

IFRS 17 replaces IFRS 4 Insurance Contracts for annual periods on or after 1 January 2023. The Group has restated comparative information for 2022. The nature of the changes in accounting policies can be summarised, as follows:

2.5.1 Changes to classification and measurement

The adoption of IFRS 17 did not change the classification of the Group’s insurance contracts. However, IFRS 17 establishes specific principles for the recognition and measurement of insurance contracts issued and reinsurance contracts held by the Group.

Under IFRS 17, the Group’s insurance contracts issued and reinsurance contracts held are all eligible to be measured by applying the Premium Allocation Approach (PAA). The PAA simplifies the measurement of insurance contracts in comparison with the general model in IFRS 17.

3 SUMMAY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Insurance and reinsurance contracts 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. The Group issues life and non-life insurance to individuals and businesses. Non-life insurance products include property, marine, and health. These products offer protection of policyholder's assets and indemnification of other parties that have suffered damage because of a policyholder's accident. 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.

The Group does not issue any contracts with direct participating features.

3.2 Insurance and reinsurance contracts accounting treatment

3.2.1 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 Company 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.

Some reinsurance contracts issued contain profit commission arrangements. Under these arrangements, there is a minimum guaranteed amount that the policyholder will always receive – either in the form of profit commission, or as claims, or another contractual payment irrespective of the insured event happening. The minimum guaranteed amounts have been assessed to be highly interrelated with the insurance component of the reinsurance contracts and are, therefore, non-distinct investment components which are not accounted for separately. However, receipts and payments of these investment components are recognised outside of profit or loss.

3.2.2 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. Portfolios are further divided based on expected profitability at inception into three categories: onerous contracts, contracts with no significant risk of becoming onerous, and the remainder. This means that, for determining the level of aggregation, the Group identifies a contract as the smallest 'unit', i.e., the lowest common denominator.

However, the Group makes an evaluation of whether a series of contracts need to be treated together as one unit based on reasonable and supportable information, or whether a single contract contains components that need to be separated and treated as if they were stand-alone contracts. As such, what is treated as a contract for accounting purposes may differ from what is considered as a contract for other purposes (i.e., legal or management). IFRS 17 also requires that no group for level of aggregation purposes may contain contracts issued more than one year apart. The Company has elected to group together those contracts that would fall into different groups only because law or regulation specifically constrains its practical ability to set a different price or level of benefits for policyholders with different characteristics.

The Group applied a full retrospective approach for transition to IFRS 17. The portfolios are further divided by year of issue and profitability for recognition and measurement purposes.

3 SUMMAY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2.2 Level of aggregation (continued)

Hence, within each year of issue, portfolios of contracts are divided into three groups, as follows:

- A group of contracts that are onerous at initial recognition (if any)
- A group of contracts that, at initial recognition, have no significant possibility of becoming onerous subsequently (if any)
- A group of the remaining contracts in the portfolio (if any)

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.

3.2.3 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 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 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.

3.2.4 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 particular 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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2.5 Measurement - Premium Allocation Approach

	<i>IFRS 17 Options</i>	<i>Adopted approach</i>
Premium Allocation Approach (PAA) Eligibility	Subject to specified criteria, the PAA can be adopted as a simplified approach to the IFRS 17 general model	Coverage period for health insurance assumed is one year or less and so qualifies automatically for PAA. Both marine insurance and property insurance include contracts with coverage period greater than one year. However,

		there is no material difference in the measurement of the liability for remaining coverage between PAA and the general model, therefore, these qualify for PAA
Insurance acquisition cash flows for insurance contracts issued	Where the coverage period of all contracts within a group is no longer than one year, insurance acquisition cash flows can either be expensed as incurred, or allocated, using a systematic and rational method, to groups of insurance contracts (including future groups containing insurance contracts that are expected to arise from renewals) and then amortised over the coverage period of the related group. For groups containing contracts longer than one year, insurance acquisition cash flows must be allocated to related groups of insurance contracts and amortised over the coverage period of the related group	For all business, insurance acquisition cash flows are allocated to related groups of insurance contracts and amortised over the coverage period of the related group
Liability for Remaining Coverage (LFRC), adjusted for financial risk and time value of money	Where there is no significant financing component in relation to the LFRC, or where the time between providing each part of the services and the related premium due date is no more than a year, an entity is not required to make an adjustment for accretion of interest on the LFRC.	For all businesses, there is no allowance as the premiums are received within one year of the coverage period. Where the premium due date and the related period of services are more than 12 months the Group has assessed the amount as immaterial, as such no discounting is required.
liability for Incurred Claims, (LFIC) adjusted for time value of money.	Where claims are expected to be paid within a year of the date that the claim is incurred, it is not required to adjust these amounts for the time value of money.	For all businesses, the LFIC is adjusted for the time value of money.
Insurance finance income and expense	There is an option to disaggregate part of the movement in LFIC resulting from changes in discount rates and present this in OCI	For all business, the Group disaggregates part of the movement in LFIC resulting from changes in discount rates and present this in OCI

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2.5.1. Insurance contracts – 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 (refer to 3.2.4)

Or

- For contracts longer than one year, the Company 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.

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

- The premiums, if any, received at initial recognition
- Minus any insurance acquisition cash flows at that date, unless the entity chooses to recognize the payment as an expense
- 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 Company pays or receives before the group of insurance contracts is recognised.

For all businesses, the liability for remaining coverage is not discounted to reflect the time value of money and the effect of financial risk.

Where facts and circumstances indicate that contracts are onerous at initial recognition, the Group performs additional analysis to determine if a net outflow is expected from the contract. Such onerous contracts are separately grouped from other contracts and the Company 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 Company for the liability for remaining coverage for such onerous group depicting the losses recognised. For additional disclosures on the loss component, please refer to Note 3.2.6.2.

3.2.5.2. Reinsurance contracts held – initial measurement

The Group measures its reinsurance assets for a group of reinsurance contracts that it holds on to 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 Company 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 Company 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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2.5.3. Insurance contracts – 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 any insurance acquisition cash flows at that date, unless the entity chooses to recognize the payment as an expense
- 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 if any

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 adjusts 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. 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. For additional disclosures on the loss component, please refer to Note 3.2.6.2.

3.2.5.4. Reinsurance contracts held – 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.

3.2.5.5. 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.

The Group uses a systematic and rational method to allocate:

Insurance acquisition cash flows that are directly attributable to a group of insurance contracts:

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

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

The asset for insurance acquisition cash flow is derecognised from the consolidated statement of financial position when the insurance acquisition cash flows are included in the initial measurement of the related group of insurance contracts.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2.5.6. Insurance contracts – modification and derecognition

The Group derecognises insurance contracts when:

- The rights and obligations relating to the contract are extinguished (i.e., discharged, cancelled or expired)
- Or
- The contract is modified such that the modification results in a change in the measurement model or the applicable standard for measuring a component of the contract, substantially changes the contract boundary, or requires the modified contract to be included in a different group. In such cases, the Group derecognises the initial contract and recognises the modified contract as a new contract

When a modification is not treated as a derecognition, the Group recognises amounts paid or received for the modification with the contract as an adjustment to the relevant liability for remaining coverage.

3.2.6. Presentation

For presentation in the consolidated statement of financial position, the Group will aggregate insurance and reinsurance contracts issued and reinsurance contracts held, respectively and present 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 consolidated statement of profit or loss have been changed significantly compared with last year. previously, the Group reported the following line items:

- Gross premiums
- Premium ceded to reinsurers
- Net premiums
- Movement in unexpired risk reserve
- Gross claims paid
- Reinsurance recoveries
- Movement in outstanding claims
- Net commission
- Net underwriting result

Instead, IFRS 17 requires separate presentation of:

- Insurance revenue.
- Insurance service expenses.
- Net income or expense from reinsurance contracts held.
- Net finance expense from insurance contracts
- Net finance income from reinsurance contracts

On transition date, 1 January 2022, the Group:

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2.6.1. Insurance revenue

The insurance revenue for the period is the amount of expected premium receipts (excluding any investment component if any) 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 based on the expected timing of incurred insurance service expenses and release of risk.

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.

3.2.6.2. Loss components

The Group assumes that no contracts are onerous at initial recognition unless facts and circumstances indicate otherwise. Where this is not the case, and if at any time during the coverage period, the facts and circumstances mentioned in Note 3.2.2 indicate that a group of insurance contracts is onerous, the Group establishes a loss component as the excess of the fulfilment cash flows that relate to the remaining coverage of the group over the carrying amount of the liability for remaining coverage of the group as determined in Note 3.2.5.3. Accordingly, by the end of the coverage period of the group of contracts the loss component will be zero.

3.2.6.3. Loss-recovery components

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 expected recovery of the losses.

A loss-recovery component is subsequently reduced 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.

3.2.6.4. 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 disaggregates insurance finance income or expenses on insurance contracts between profit or loss and OCI. The impact of changes in market interest rates on the value of the insurance assets and liabilities are reflected in OCI.

3.2.6.5. Net income or expense from reinsurance contracts held

The Group presents the amount expected to be recovered from reinsures, and allocation of reinsurance premium paid together as Net income / (expense) from reinsurance contracts separately on the face of the consolidated statement of profit or loss. 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 consolidated statement of profit or loss.

4 USE OF ESTIMATES AND JUDGEMENTS

The preparation of the interim condensed consolidated financial statements in conformity with International Financial Reporting Standards ("IFRS") requires management to make judgements, estimates and assumptions that affects the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

4 USE OF ESTIMATES AND JUDGEMENTS (CONTINUED)

Estimates of future cash flows

In estimating future cash flows, the Group will incorporate, in an unbiased way, all reasonable and supportable information that is available without undue cost or effort at the reporting date. The assumptions will be based on internal historical claims experience as well as external data (benchmarks) to reflect the current claims and economic environment.

These assumptions will also reflect expected future developments such as inflation trends or changes in legislation when these have a material chance of materialising.

Cash flows will also include direct attributable internal expenses in relation to servicing the contracts at the reporting date, whether these costs pertain to the policies such new endorsements and cancellations or whether these costs relate to settling and paying all remaining claims.

Cash flows within the boundary of a contract are those that relate directly to the fulfilment of the contract, including those for which the Group has discretion over the amount or timing. These include payments to (or on behalf of) policyholders, insurance acquisition cash flows and other costs that are incurred in fulfilling contracts. Insurance acquisition cash flows and other costs that are incurred in fulfilling contracts comprise both direct costs and an allocation of fixed and variable overheads.

Discount rates

The IFRS17 requirement to measure liabilities for insurance contracts using current discount rates will be a significant change from the Group's current practice.

Insurance contract liabilities are calculated by discounting expected future cash flows using yield curves internally derived reflecting a fair value and market-consistent interest rates that two willing parties would accept in a liability transfer transaction.

The starting point for constructing these yield curves are risk-free rates for each major currency. These are subsequently adjusted with illiquidity premiums and credit risks for instance to derive fair value rates.

Risk adjustments for non-financial risk

The risk adjustment for non-financial risk is the compensation that the Group requires for bearing the uncertainty about the amount and timing of the cash flows of groups of insurance contracts. The risk adjustment reflects a margin that an insurer is willing to load its reserves with to reduce the uncertainty that future cash flows will exceed the expected value amount. The Group's appetite is to set a risk adjustment no lesser than the 70th percentile and no greater than the 75th percentile, across the whole group and allowing for diversification benefit between all product lines written and territories. That is, the Group has assessed its indifference to uncertainty for all product lines (as an indication of the compensation that it requires for bearing non-financial risk) as being equivalent to a point within the 70th to 75th percentiles confidence level less the mean of an estimated probability distribution of the future cash flows.

Although the risk adjustment is calculated separately for the Insurance Liabilities and the Reinsurance Assets, it is actually on a net of reinsurance basis that the Group reviews it.

5 CHANGES TO THE IMPAIRMENT CALCULATION

The Group started the adoption of IFRS 9 on insurance and reinsurance receivables to recognise a loss allowance for expected credit losses ("ECL").

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

Qatar Insurance Company Q.S.P.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at and for the six month period ended 30 June 2023

6 CASH AND SHORT-TERM DEPOSITS

	30 June 2023 QR ('000) (Reviewed)	31 December 2022 QR ('000) (Audited)
Cash at banks	1,154,225	726,580
Short-term deposits	4,381,502	5,746,673
	5,535,727	6,473,253

All deposits are subject to an average variable interest rate of 5.5% (2022: 4.94 %). The expected credit losses relating to short-term deposits measured at amortised cost amounted to QR 1,083 thousand (2022: QR 680 thousand). All short-term deposits measured at amortised cost were in stage 1.

For the purpose of the statement of cash flows, cash and cash equivalents comprise the following:

	30 June 2023 QR ('000) (Reviewed)	31 December 2022 QR ('000) (Audited)
Cash at banks	1,154,225	726,580
Short-term deposits	4,381,502	5,746,673
Cash at banks and short-term deposits relating to discontinued operations	923,692	890,513
	6,459,419	7,363,766

7 FINANCIAL INVESTMENTS

	30 June 2023 QR ('000) (Reviewed)	31 December 2022 QR ('000) (Audited)
Financial investments at fair value through profit or loss (FVTPL)	3,468,533	3,333,338
Financial investments at fair value through other comprehensive income (FVOCI)	9,203,316	9,403,241
	12,671,849	12,736,579

Investments classified as FVOCI are all stage 1. There have been no movements of investments classified as FVOCI from stage 1 to stage 2.

The expected credit losses relating to debt securities measured at FVOCI amounted to QR 15,901 thousand at 30 June 2023 (31 December 2022: QR 16,738 thousand).

8 OTHER RECEIVABLES

	30 June 2023 QR ('000) (Reviewed)	31 December 2022 QR ('000) (Restated)
Prepayments and advances	816,427	662,758
Staff advances against indemnity	28,601	5,548
	845,028	668,306

9 RELATED PARTY DISCLOSURES

Related parties represent 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 Group's management.

Related party transactions

These represent transactions with related parties, i.e. Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions and directors of the Group and companies of which they are key management personnel. Pricing policies and terms of these transactions are approved by the Group's management and are negotiated under normal commercial terms. Significant transactions were:

	<i>For the six month period ended 30 June 2023 (Reviewed)</i>		
	<i>Insurance Revenue QR (000)</i>	<i>Insurance Service expense QR (000)</i>	<i>Net income from reinsurance contracts held QR (000)</i>
Affiliate Companies			
Al Fardan Group	5,621	10,849	-
Al Jaidah Group	1,013	1,835	-
Massoun Insurance Services L.L.C.	189	1,109	-
QLM Life & Medical Insurance Company Q.P.S.C.	49	332	4,637
Al Liwan Real Estate Company W.L.L.	29	-	-
Others	159	8	-
Total	7,060	14,133	4,637

	<i>For the six month period ended 30 June 2022 (Restated and reviewed)</i>		
	<i>Insurance Revenue QR (000)</i>	<i>Insurance Service expense QR (000)</i>	<i>Net income from reinsurance contracts held QR (000)</i>
Affiliate Companies			
Al Fardan Group	3,895	12,437	-
Al Jaidah Group	810	2,359	-
Massoun Insurance Services L.L.C.	120	917	-
QLM Life & Medical Insurance Company Q.P.S.C.	40	-	47,229
Al Liwan Real Estate Company W.L.L.	25	-	-
Others	195	7	-
Total	5,085	15,720	47,229

Qatar Insurance Company Q.S.P.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at and for the six month period ended 30 June 2023

9 RELATED PARTY DISCLOSURES (CONTINUED)

Related party balances

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

	<i>As at 30 June 2023 (Reviewed)</i>		
	<i>Insurance Contract liabilities</i>	<i>Reinsurance Contract Assets</i>	<i>Other receivables</i>
	<i>QR (000)</i>	<i>QR (000)</i>	<i>QR (000)</i>
<i>Affiliate Companies</i>			
Al Fardan Group	(12,020)	-	-
Al Jaidah Group	(2,879)	-	-
Massoun Insurance Services L.L.C.	(2,298)	-	-
QLM Life & Medical Insurance Company Q.P.S.C.	88	153,952	9,809
Al Liwan Real Estate Company W.L.L.	106	-	-
Others	2,280	-	-
Total	(14,723)	153,952	9,809

	<i>As at 30 June 2022 (Reviewed and restated)</i>		
	<i>Insurance Contract liabilities</i>	<i>Reinsurance Contract Assets</i>	<i>Other receivables</i>
	<i>QR (000)</i>	<i>QR (000)</i>	<i>QR (000)</i>
<i>Affiliate Companies</i>			
Al Fardan Group	(9,968)	-	-
Al Jaidah Group	(1,943)	-	-
Massoun Insurance Services L.L.C.	(1,819)	-	-
QLM Life & Medical Insurance Company Q.P.S.C.	(88)	71,231	8,718
Al Liwan Real Estate Company W.L.L.	194	-	-
Others	2,118	-	-
Total	(11,506)	71,231	8,718

All the related party receivable balances are payable on demand and in local currency. Outstanding related party balances at the reporting date are unsecured and interest free and no impairment losses relating to these balances were recognised during the current and comparative periods.

Compensation of key management personnel

The remuneration of directors and other members of key management during the period were as follows:

	<i>30 June 2023</i>	<i>30 June 2022</i>
	<i>QR ('000)</i>	<i>QR ('000)</i>
	<i>(Reviewed)</i>	<i>(Reviewed)</i>
Salaries and other short-term benefits	16,577	24,225
End of service benefits	11,802	722
	28,379	24,947

Qatar Insurance Company Q.S.P.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at and for the six month period ended 30 June 2023

10 INSURANCE AND REINSURANCE CONTRACTS

(a) Insurance contracts

Analysis by remaining coverage and incurred claims:

	<i>30 June 2023 (Reviewed)</i>				
	<i>Liability for remaining coverage</i>		<i>Liability for incurred claims</i>		
	<i>Excluding loss component</i>	<i>Loss component</i>	<i>Present value of future cash flows</i>	<i>Risk adj. for non-financial risk</i>	<i>Total</i>
	<i>(QR '000)</i>	<i>(QR '000)</i>	<i>(QR '000)</i>	<i>(QR '000)</i>	<i>(QR '000)</i>
Net insurance contract liabilities at 1 January	(1,419,282)	22,816	12,938,942	613,706	12,156,182
Total Insurance revenue	(3,049,483)	-	-	-	(3,049,483)
Insurance service expenses					
Incurring claims and other directly attributable expenses	-	(862)	1,736,230	42,502	1,777,870
Losses on onerous contracts and reversals of losses	-	839	-	-	839
Changes that relate to past service – adjustments to the liability for incurred claims	-	-	122,094	(59,558)	62,536
Amortisation of insurance acquisition cash flows	543,461	-	-	-	543,461
Total insurance service expense	543,461	(23)	1,858,324	(17,056)	2,384,706
Insurance service result	(2,506,022)	(23)	1,858,324	(17,056)	(664,777)
Insurance finance expense	-	-	129,178	2,987	132,165
Effect of changes in exchange rates	8,399	-	257,725	14,961	281,085
Total amounts recognised in comprehensive income	(2,497,623)	(23)	2,245,227	892	(251,527)
Cash flows					
Premiums received	2,224,098	-	-	-	2,224,098
Incurring claims and other directly attributable expenses paid	-	-	(2,189,794)	-	(2,189,794)
Insurance acquisition cashflow	(374,083)	-	-	-	(374,083)
Total cash flows	1,850,015	-	(2,189,794)	-	(339,779)
Net insurance contract liabilities at 30 June	(2,066,890)	22,793	12,994,375	614,598	11,564,876

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10 INSURANCE AND REINSURANCE CONTRACTS (CONTINUED)

(a) Insurance contracts (continued)

Analysis by remaining coverage and incurred claims:

	<i>30 June 2022 (Restated)</i>				
	<i>Liability for remaining coverage</i>		<i>Liability for incurred claims</i>		<i>Total</i>
	<i>Excluding loss component</i>	<i>Loss component</i>	<i>Present value of future cash flows</i>	<i>Risk adj. for non-financial risk</i>	
	<i>(QR '000)</i>	<i>(QR '000)</i>	<i>(QR '000)</i>	<i>(QR '000)</i>	<i>(QR '000)</i>
Net insurance contract liabilities at 1 January	(1,498,588)	17,675	14,293,041	684,435	13,496,563
Total Insurance revenue	(3,796,513)	-	-	-	(3,796,513)
Insurance service expenses					
Incurred claims and other directly attributable expenses	-	-	1,949,288	80,339	2,029,627
Losses on onerous contracts and reversals of losses	-	1,694	-	-	1,694
Changes that relate to past service – adjustments to the liability for incurred claims	-	-	(4,412)	(116,243)	(120,655)
Amortisation of insurance acquisition cash flows	820,724	-	-	-	820,724
Total insurance service expense	820,724	1,694	1,944,876	(35,904)	2,731,390
Insurance service result	(2,975,789)	1,694	1,944,876	(35,904)	(1,065,123)
Insurance finance expenses	-	-	(261,159)	(2,102)	(263,261)
Effect of changes in exchange rates	(28,446)	-	(547,211)	(34,207)	(609,864)
Total amounts recognised in comprehensive income	(3,004,235)	1,694	1,136,506	(72,213)	(1,938,248)
Cash flows					
Premiums received	2,855,300	-	-	-	2,855,300
Incurred claims and other directly attributable expenses paid	-	-	(2,868,331)	-	(2,868,331)
Insurance acquisition cashflow	(413,707)	-	-	-	(413,707)
Total cash flows	2,441,593	-	(2,868,331)	-	(426,738)
Net insurance contract liabilities at 30 June	(2,061,230)	19,369	12,561,216	612,222	11,131,577

10 INSURANCE AND REINSURANCE CONTRACTS (CONTINUED)

(b) Reinsurance contracts

Analysis by remaining coverage and incurred claims:

	<i>30 June 2023 (Reviewed)</i>				
	<i>Remaining Coverage Component</i>		<i>Incurred claims for contracts under the PAA</i>		
	<i>Excluding loss recovery component</i>	<i>Loss recovery component</i>	<i>Present value of future cash flows</i>	<i>Risk adjustment for non-financial risk</i>	<i>Total</i>
	<i>(QR' 000)</i>	<i>(QR' 000)</i>	<i>(QR' 000)</i>	<i>(QR' 000)</i>	<i>(QR' 000)</i>
Net reinsurance contract assets at 1 January	(4,370,178)	(41,343)	5,953,207	309,151	1,850,837
Reinsurance expenses					
Reinsurance service income					
Allocation of reinsurance premiums	(650,586)	-	-	-	(650,586)
Claims recovered net of reinsurance expenses	-	(135)	443,297	(437)	442,725
Recoveries and reversals of recoveries of losses on onerous underlying contracts	-	30,726	21	-	30,747
Changes that relate to past service – Adjustment to the Asset for incurred claims	-	-	71,915	(10,385)	61,530
Effect of changes in the risk of reinsurers non-performance	-	-	2,675	-	2,675
Total reinsurance service income	-	30,591	517,908	(10,822)	537,677
Net (expenses) / income from reinsurance contracts held	(650,586)	30,591	517,908	(10,822)	(112,909)
Reinsurance finance income	-	-	48,372	2,534	50,906
Effect of changes in exchange rates	8,143	-	132,838	3,328	144,309
Total amounts recognised in comprehensive income	(642,443)	30,591	699,118	(4,960)	82,306
Cash flows					
Premium net of ceding commissions and other insurance service expenses paid	763,831	-	-	-	763,831
Recoveries from reinsurance	-	-	(784,043)	-	(784,043)
Total cash flows	763,831	-	(784,043)	-	(20,212)
Net reinsurance contract assets at 30 June	(4,248,790)	(10,752)	5,868,282	304,191	1,912,931

10 INSURANCE AND REINSURANCE CONTRACTS (CONTINUED)

(c) Reinsurance contracts (contract)

Analysis by remaining coverage and incurred claims:

	<i>30 June 2022 (Restated)</i>				
	<i>Remaining Coverage Component</i>		<i>Incurred claims for contracts under the PAA</i>		
	<i>Excluding loss recovery component</i>	<i>Loss recovery component</i>	<i>Present value of future cash flows</i>	<i>Risk adjustment for non-financial risk</i>	<i>Total</i>
	<i>(QR' 000)</i>	<i>(QR' 000)</i>	<i>(QR' 000)</i>	<i>(QR' 000)</i>	<i>(QR' 000)</i>
Net reinsurance contract assets at 1 January	(1,328,236)	(42)	7,448,424	376,367	6,496,513
Reinsurance expenses					
Reinsurance service income					
Allocation of reinsurance premiums	(1,251,526)	-	-	-	(1,251,526)
Claims recovered net of reinsurance expenses	-	-	594,318	4,562	598,880
Recoveries and reversals of recoveries of losses on onerous underlying contracts	-	(911)	-	-	(911)
Changes that relate to past service - Adjustment to the Asset for incurred claims	-	-	(227,260)	(59,915)	(287,175)
Effect of changes in the risk of reinsurers non-performance	-	-	(92,172)	-	(92,172)
Total reinsurance service income	-	(911)	274,886	(55,353)	218,622
Net (expenses) / income from reinsurance contracts held	(1,251,526)	(911)	274,886	(55,353)	(1,032,904)
Reinsurance finance income	-	-	(109,666)	(825)	(110,491)
Effect of changes in exchange rates	(11,064)	-	(237,145)	(11,982)	(260,191)
Total amounts recognised in comprehensive income	(1,262,590)	(911)	(71,925)	(68,160)	(1,403,586)
Cash flows					
Premium net of ceding commissions and other insurance service expenses paid	(2,252,234)	-	-	-	(2,252,234)
Recoveries from reinsurance	-	-	(1,782,144)	-	(1,782,144)
Total cash flows	(2,252,234)	-	(1,782,144)	-	(4,034,378)
Net reinsurance contract assets at 30 June	(4,843,060)	(953)	5,594,355	308,207	1,058,549

11 INVESTMENT PROPERTIES

	30 June 2023 QR ('000) (Reviewed)	31 December 2022 QR ('000) (Audited)
Balance at 1 January	636,211	463,927
Addition		256,330
Effect of foreign currency exchange difference	57,049	(60,410)
Impairment	-	(3,798)
Transfer to Asset held for sale	-	(8,137)
Depreciation	(9,450)	(11,701)
Balance at 30 June / 31 December	<u>683,810</u>	<u>636,211</u>

The rental income arising during the period amounted to QR 15,631 thousand at 30 June 2023 (30 June 2022: QR 16,848 thousand) and direct operating expenses (included within general and administrative expenses) arising in respect of such properties during the period were QR 3,586 thousand at 30 June 2023 (30 June 2022: QR 6,243 thousand).

The fair value of investment properties was estimated by management's external valuer, by reference to market evidence of recent transactions for similar properties. The estimated fair value of the above investment properties as at 31 December 2022 was QR 782 million. Management believes that the fair value as at 30 June 2023 does not materially differ from the fair value on 31 December 2022 had the fair valuation been carried out on that date. Properties owned by the Group in the United Kingdom with a carrying value of QR 212 million at 30 June 2023 is pledged as a security for the borrowings.

The Group has no restrictions on the realisability of its investment properties, other than the property in United Kingdom, and no contractual obligations to purchase, construct or develop investment properties or for repairs, maintenance, and enhancements.

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12 SEGMENT INFORMATION

For management reporting purposes, the Group is organized into six business segments – Marine and Aviation, Property and Casualty, Health and Life, Real Estate, Advisory, and Investments. These segments are the basis on which the Group reports its operating segment information.

Segment statement of profit or loss for the six months period ended 30 June 2023 (Reviewed):

	<i>Marine and aviation QR ('000)</i>	<i>Property and casualty QR ('000)</i>	<i>Health and life QR ('000)</i>	<i>Total insurance QR ('000)</i>	<i>Real estate QR ('000)</i>	<i>Investment Advisory QR ('000)</i>	<i>Investments QR ('000)</i>	<i>Unallocated QR ('000)</i>	<i>Total QR ('000)</i>
Insurance revenue	788,851	1,979,063	281,569	3,049,483	-	-	-	-	3,049,483
Insurance service expense	(336,605)	(1,770,953)	(277,148)	(2,384,706)	-	-	-	-	(2,384,706)
Net expenses from reinsurance contracts held	(281,639)	193,793	(25,063)	(112,909)	-	-	-	-	(112,909)
Insurance service result	170,607	401,903	(20,642)	551,868	-	-	-	-	551,868
Insurance finance expenses for insurance contracts issued	(41,293)	(106,060)	(2,564)	(149,917)	-	-	-	-	(149,917)
Reinsurance finance income for reinsurance contracts held	50,681	(83,082)	3,251	(29,150)	-	-	-	-	(29,150)
Net insurance finance result	9,388	(189,142)	687	(179,067)	-	-	-	-	(179,067)
Investment income & other income	-	-	-	-	-	-	412,098	-	412,098
Rental income	-	-	-	-	15,631	-	-	-	15,631
Advisory fee income	-	-	-	-	-	14,643	-	-	14,643
Other Income	-	-	-	-	-	-	-	5,220	5,220
Total investment and other income	-	-	-	-	15,631	14,643	412,098	5,220	447,592
Share of profit of associates and joint venture	-	-	-	-	-	-	-	12,833	12,833
Total income	372,801	15,631	14,643	412,098	18,053	833,226			
Operating and administrative expenses	-	(3,586)	(16,223)	-	(89,468)	(109,277)			
Depreciation and amortization	-	(9,676)	(39)	-	(9,785)	(19,500)			
Profit before income tax	372,801	2,369	(1,619)	412,098	(81,200)	704,449			
Income tax expense	-	-	-	-	(23,269)	(23,269)			
Profit for the period from continuing operations	372,801	2,369	(1,619)	412,098	(104,469)	681,180			
Loss for the period from discontinued operations	-	-	-	-	(355,729)	(355,729)			
Profit for the period	372,801	2,369	(1,619)	412,098	(460,198)	325,451			

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12 SEGMENT INFORMATION (CONTINUED)

Segment statement of profit or loss for the six months period ended 30 June 2022 (Reviewed and restated):

	<i>Marine and aviation QR ('000)</i>	<i>Property and casualty QR ('000)</i>	<i>Health and life QR ('000)</i>	<i>Total insurance QR ('000)</i>	<i>Real estate QR ('000)</i>	<i>Investment Advisory QR ('000)</i>	<i>Investments QR ('000)</i>	<i>Unallocated QR ('000)</i>	<i>Total QR ('000)</i>
Insurance revenue	761,122	2,817,211	218,180	3,796,513	-	-	-	-	3,796,513
Insurance service expense	(309,495)	(2,230,865)	(191,030)	(2,731,390)	-	-	-	-	(2,731,390)
Net expenses from reinsurance contracts held	(377,394)	(643,063)	(12,447)	(1,032,904)	-	-	-	-	(1,032,904)
Insurance service result	74,233	(56,717)	14,703	32,219	-	-	-	-	32,219
Insurance finance expenses for insurance contracts issued	53,955	(83,997)	1,567	(28,475)	-	-	-	-	(28,475)
Reinsurance finance income for reinsurance contracts held	(77,074)	43,756	(14)	(33,332)	-	-	-	-	(33,332)
Net insurance finance result	(23,119)	(40,241)	1,553	(61,807)	-	-	-	-	(61,807)
Investment income & other income	-	-	-	-	-	-	412,884	-	412,884
Rental income	-	-	-	-	16,848	-	-	-	16,848
Advisory fee income	-	-	-	-	-	21,681	-	-	21,681
Other Income	-	-	-	-	-	-	-	5,299	5,299
Total investment and other income	-	-	-	-	16,848	21,681	412,884	5,299	456,712
Share of profit of associates and joint venture	-	-	-	-	-	-	-	18,039	18,039
Total income	(29,588)	16,848	21,681	412,884	23,338	445,163			
Operating and administrative expenses	-	(6,243)	(14,576)	(87,194)	-	-	-	(66,375)	(87,194)
Depreciation and amortization	-	(6,095)	(30)	(19,386)	-	-	-	(19,386)	(25,511)
Profit before income tax	(29,588)	4,510	7,075	412,884	(62,423)	332,458			
Income tax expense	-	-	-	-	-	(3,312)	-	-	(3,312)
Profit for the period from continuing operations	(29,588)	4,510	7,075	412,884	(65,735)	329,146			
Loss for the period from discontinued operations	-	-	-	-	-	(213,156)			(213,156)
Profit for the period	(29,588)	4,510	7,075	412,884	(278,891)	115,990			

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13 BASIC AND DILUTED EARNINGS PER SHARE

The basic and diluted earnings per share for the period are the same as there are no dilutive effects on earnings.

	<i>For the three month period ended</i>		<i>For the six month period ended</i>	
	<i>30 June</i>	<i>30 June</i>	<i>30 June</i>	<i>30 June</i>
	<i>2023</i>	<i>2022</i>	<i>2023</i>	<i>2022</i>
	<i>(QR '000)</i>	<i>(QR '000)</i>	<i>(QR '000)</i>	<i>(QR '000)</i>
	<i>(Reviewed)</i>	<i>(Reviewed & restated)</i>	<i>(Reviewed)</i>	<i>(Reviewed & restated)</i>
Net profit attributable to shareholders of the parent Company				
Continuing operations	377,164	234,940	680,257	309,971
Less: Interest on subordinated perpetual debt	(34,225)	(54,395)	(83,365)	(74,665)
	342,939	180,545	596,892	235,306
Loss from discontinued operations	(225,789)	(162,469)	(355,729)	(213,156)
	117,150	18,076	241,163	22,150
Weighted average number of ordinary shares ('000)	3,266,101	3,266,101	3,266,101	3,266,101
Earnings per share (QR)	0.036	0.006	0.074	0.007
Earnings per share for continuing (QR)	0.105	0.055	0.183	0.072

14 DIVIDENDS

The Board proposed the non-distribution of dividend for the year 2022 which was approved at the Annual General Meeting held on 19 March 2023. (31 December 2022: The Board of Directors proposed cash dividend of QR 0.1 per share aggregating to QR 327 million out of the profits earned during the year 2021 which was approved at the Annual General Meeting held on 27 March 2022.).

15 SHARE CAPITAL AND SHARE PREMIUM

15.1 Share capital

	<i>30 June</i>	<i>31 December</i>
	<i>2023</i>	<i>2022</i>
	<i>(Reviewed)</i>	<i>(Audited)</i>
<i>Authorised, issued and fully paid up</i>		
Share capital (QR ' 000)	3,266,101	3,266,101
Number of shares of QR 1 each	3,266,101,330	3,266,101,330

15.2 Share premium

Share premium is the proceeds received from the rights issue, net of any directly attributable transaction costs, are directly credited to share capital (nominal value of shares) and share premium when shares have been issued higher than their nominal value. The nominal value of the shares were recorded under share capital while the excess of the issue price over the nominal value was recorded under share premium.

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16 LEGAL RESERVE

Legal reserve is computed in accordance with the provisions of the Qatar Central Bank (QCB) regulations, applicable provisions of Qatar Commercial Companies' Law and the Parent company's Articles of Association at 10% of the net profit for the year. On November 23, 2014, the Extra-Ordinary General Meeting approved the amendment of paragraph (1) Article (66) of the Articles of Association of the Company. The amendment states that transfers to the legal reserve shall be made until it equates 100% of the paid-up capital. The reserve is not available for distribution except in circumstances specified in the Qatar Central Bank (QCB) regulations/Qatar Commercial Companies Law. The legal reserve also includes the Group's share in legal reserve arising out of its subsidiaries.

17 OTHER COMPONENTS OF EQUITY

Other components of equity include foreign currency translation reserve, merger reserves and share of profit from equity accounted investments. As per the Qatar Central Bank's instruction dated 4 March 2019, share of profit from equity accounted investments should be transferred from retained earnings to reserve for share of profit from equity accounted investments. Declared and received dividends from equity accounted investments are the only distributable portion of this reserve.

	<i>Merger and acquisition reserve (QR '000)</i>	<i>Foreign currency translation reserve (QR '000)</i>	<i>Reserve for share of profit from equity accounted investees (QR '000)</i>	<i>Total (QR '000)</i>
At 1 January 2022	(139,240)	8,954	167,025	36,739
Transfer and other movements	41,930	(137,474)	36,837	(58,707)
At 31 December 2022 (<i>Audited</i>)	(97,310)	(128,520)	203,862	(21,968)
At 1 January 2023	(97,310)	(128,520)	203,862	(21,968)
Transfer and other movements	-	43,392	12,833	56,225
At 30 June 2023 (<i>Reviewed</i>)	(97,310)	(85,128)	216,695	34,257

18 SUBORDINATED PERPETUAL DEBT

In 2017, in an effort to strengthen the capital base of Antares Reinsurance Company Limited (the "Issuer"), a subsidiary of the Group registered in Bermuda, issued subordinated Tier 2 qualifying capital notes amounting to QR 1,615,596 thousand net. These were issued through the Irish Stock Exchange, and the Parent Company acts as the guarantor to the notes. The notes were issued in the registered form at par value, in denominations of USD 200,000 and integral multiples of USD 1,000 in excess thereof. The notes did not have a stated maturity date and are perpetual in nature, and do not obligate the Issuer or the Parent Company to repay or settle by delivery of cash or another financial asset. The notes were listed on the Irish Stock Exchange. On 27th June 2022 Antares Reinsurance Company Limited offered to buy back the 4.95% Tier 2 notes at 100.20% of par value. Antares Reinsurance Company Limited received interest from 74.75% of the noteholders. The settlement date for the 74.75% notes tendered was 18th July 2022, whereas balance 25.25% of the noteholders settled on call date 13th September 2022.

In 2020, the Group issued perpetual subordinated Tier 2 qualifying capital notes of QR 1,081,645 thousand net. The notes were issued through QIC (Cayman) Limited, a wholly owned subsidiary incorporated in the Cayman Islands, for the purpose of the issuance. These notes are perpetual in nature and qualify as Tier 2 Capital under Qatar Central Bank regulations for the solvency ratio calculations.

In 2022, the Group issued perpetual subordinated Tier 2 qualifying capital notes of QR 1,439,270 thousand net. The notes were issued through QIC (Cayman) Limited, a wholly-owned subsidiary incorporated in the Cayman Islands, for the purpose of the issuance. These notes are perpetual in nature and qualify as Tier 2 Capital under Qatar Central Bank regulations for the solvency ratio calculations. The notes are listed on the London Stock Exchange.

19 COMMITMENTS AND CONTINGENT LIABILITIES

	30 June 2023 QR ('000) (Reviewed)	31 December 2022 QR ('000) (Audited)
Bank guarantees	3,126,453	3,281,745
Authorized future investment commitments	378,961	364,575
	<u>3,505,414</u>	<u>3,646,320</u>

20 FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy. The different levels have been defined as follows:

	Level 1 (QR '000)	Level 2 (QR '000)	Level 3 (QR '000)	Total (QR '000)
30 June 2023 (Reviewed)				
Derivative assets held for risk management	-	-	195,260	195,260
Investment securities	10,248,830	864,901	1,362,858	12,476,589
	<u>10,248,830</u>	<u>864,901</u>	<u>1,558,118</u>	<u>12,671,849</u>
Derivative liabilities	-	-	45,734	45,734
	<u>-</u>	<u>-</u>	<u>45,734</u>	<u>45,734</u>
31 December 2022 (Audited)				
Derivative assets held for risk management	-	-	298,802	298,802
Investment securities	10,574,094	824,564	1,337,921	12,736,579
	<u>10,574,094</u>	<u>824,564</u>	<u>1,636,723</u>	<u>13,035,381</u>
Derivative liabilities	-	-	15,159	15,159
	<u>-</u>	<u>-</u>	<u>15,159</u>	<u>15,159</u>

There were no transfers from Level 1 or Level 2 during the period. The Level 3 balance increased due to net purchases and sales of QR 5,537 thousand and net changes in fair value movement of negative QR 84,143 thousand during the period.

21 DISCONTINUED OPERATIONS

The Group has a plan to sell the wholly owned Gibraltar-based subsidiaries namely West Bay Insurance Pie and Markerstudy Insurance Co. Ltd. On 17 October 2022, the board executive committee provided the approval and authorized the management to conclude the transaction which was confirmed by the board of directors on 26 October 2022. The Group has signed a sale and purchase agreement with an institutional buyer. The sale is subject to approval from relevant regulatory authorities. The companies are classified as a disposal group held for sale and as a discontinued operation. The business of Gibraltar-based subsidiaries underwrites UK motor insurance.

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21 DISCONTINUED OEPRATIONS (CONTINUED)

	30 June 2023 QR ('000)	30 June 2022 QR ('000)
	(Reviewed)	(Reviewed & restated)
Insurance revenue	2,111,389	2,273,214
Insurance service expense	(2,004,680)	(2,567,798)
Net expenses from reinsurance contract	(422,384)	190,789
Insurance service result	(315,675)	(103,795)
Net finance expenses from insurance contracts	(222,432)	(93,122)
Net finance income from insurance contracts	169,615	10,867
Net insurance finance results	(52,817)	(82,255)
Investment income	42,471	25,207
Finance costs	(142)	(789)
Net investment income	42,329	24,418
Advisory fee income	(1,541)	(1,697)
Other income	(69)	(3,920)
Total investment and other income	40,719	18,801
TOTAL LOSS	(327,773)	(167,249)
Operating and administrative expenses	(27,974)	(16,160)
Depreciation and amortisation	-	(127)
Loss before tax from discontinued operations	(355,747)	(183,536)
Income tax benefit, net	18	(29,620)
Loss after tax from discontinued operations	(355,729)	(213,156)
Other comprehensive income from discontinued operations		
Net changes in fair value of debt instruments at FVOCI	5,304	-
Total comprehensive loss for the period attributable to:		
Equity holders of the parent from discontinued operations	(350,425)	(213,156)
Earnings per share		
Basic/Diluted earnings from discontinued operations in Qatari Riyals	(0.109)	(0.065)

The net cash flows incurred are, as follows;

	30 June 2023 QR ('000)	30 June 2022 QR ('000)
	(Reviewed)	(Reviewed)
Operating	(378,436)	(1,253,224)
Investing	(135,220)	431,749
Financing	546,835	200,300
Net increase in cash generated	33,179	(621,175)

21 DISCONTINUED OPERATIONS (CONTINUED)

The carrying amounts of assets and liabilities related to discontinued operations that are reclassified to assets and liabilities and held for sale are as follows:

	<i>30 June 2023 QR ('000) (Reviewed)</i>	<i>31 December 2022 QR ('000) (Restated)</i>
Assets		
Cash and short-term deposits	923,692	890,513
Financial investments	1,191,811	1,051,781
Other receivables	852,935	362,126
Reinsurance contract assets	4,191,483	3,440,567
Property and equipment	8,631	8,137
Total Assets Held for Sale	7,168,552	5,753,124
Liabilities		
Other payables	269,196	463,834
Insurance contract liabilities	6,357,914	5,054,802
Total Liabilities related to Held for Sale	6,627,110	5,518,636

22 RECLASSIFICATION OF COMPARATIVE AMOUNTS

Certain comparative figures have been reclassified to conform to the presentation in the current period's condensed interim consolidated financial statements. Such reclassifications did not have any effect on the net profit and equity of the comparative period, except for the changes in the accounting policy as disclosed in Note 2.5.