

Qatar Insurance Company Q.S.P.C.
INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS
FOR THE THREE MONTHS PERIOD ENDED
31 MARCH 2023

Qatar Insurance Company Q.S.P.C.

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2023

	31 March 2023 (QR '000) Un-audited	31 December 2022 (QR '000) Restated & Un-audited	1 January 2022 (QR '000) Restated & Un-audited
ASSETS			
Cash and short-term deposits	6,290,845	6,473,253	9,598,720
Reinsurance contract assets	2,372,048	1,850,837	5,648,417
Other receivables	888,244	668,306	1,036,685
Investment in associates and joint venture	426,657	459,576	448,489
Investments	13,025,235	12,736,579	16,060,488
Investment properties	670,086	636,211	463,927
Property and equipment	110,725	107,162	126,143
Goodwill and intangible assets	444,931	444,931	557,597
	24,228,771	23,376,855	33,940,466
Assets held for sale	6,107,125	5,753,124	-
TOTAL ASSETS	30,335,896	29,129,979	33,940,466
LIABILITIES AND SHAREHOLDERS' EQUITY			
LIABILITIES			
Short term borrowings	2,821,341	3,054,144	4,422,439
Other payables	859,571	351,366	896,751
Loans	135,357	124,752	171,262
Insurance contract liabilities	12,485,169	12,156,182	18,278,399
	16,301,438	15,686,444	23,768,851
Liabilities directly associated with the assets held for sale	5,889,392	5,518,636	-
TOTAL LIABILITIES	22,190,830	21,205,080	23,768,851
SHAREHOLDERS' EQUITY			
Share capital	3,266,101	3,266,101	3,266,101
Share premium	2,759,194	2,759,194	2,759,194
Legal reserve	635,754	634,955	634,567
General reserve	287,000	287,000	287,000
Fair value reserve	(550,006)	(645,718)	189,700
Insurance finance reserve	658,845	735,034	12,776
Catastrophe special reserve	32,017	32,017	32,017
Other components of equity	16,269	(21,968)	36,255
Retained earnings	(1,589,069)	(1,705,212)	168,472
Reserves of disposal group held for sale	(36,679)	(36,858)	-
	5,479,426	5,304,545	7,386,082
Equity attributable to shareholders of the parent company	5,479,426	5,304,545	7,386,082
Non-controlling interests	144,725	99,439	88,292
TOTAL SHAREHOLDERS' EQUITY	5,624,151	5,403,984	7,474,374
Subordinated perpetual debt	2,520,915	2,520,915	2,697,241
TOTAL EQUITY	8,145,066	7,924,899	10,171,615
TOTAL LIABILITIES AND Shareholders' EQUITY	30,335,896	29,129,979	33,940,466

These consolidated financial statements were approved by the Board of Directors and signed on its behalf by the following signatories on 4 May 2023.

Sheikh Hamad bin Faisal bin Thani Al Thani
Chairman

Salem Al-Mannai
Group Chief Executive Officer

The attached notes are an integral part of these consolidated financial statements

Qatar Insurance Company Q.S.P.C.

INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the three months period ended 31 March 2023

	<i>For the three months ended</i>	
	<i>31 March 2023</i>	<i>31 March 2022</i>
	<i>(QR '000)</i>	<i>(QR '000)</i>
	<i>Un-audited</i>	<i>Restated & Un-audited</i>
CONTINUING OPERATIONS		
Insurance revenue	1,345,548	1,842,438
Insurance service expense	(988,410)	(1,439,870)
Net expenses from reinsurance contracts held	(81,022)	(485,407)
Insurance service results	276,116	(82,839)
Insurance finance (expenses) / income for insurance contracts issued	(87,183)	5,641
Reinsurance finance expense for reinsurance contracts held	(25,183)	(8,274)
Net insurance financial results	163,750	(85,472)
Investment income	234,088	246,803
Finance costs	(37,994)	(14,767)
Net investment income	196,094	232,036
Advisory fee income	6,723	12,907
Rental income	6,940	7,612
Other income	4,720	3,597
Total investment and other income	214,477	256,152
Share of profit of associates and joint venture	8,639	10,911
TOTAL INCOME	386,866	181,591
Operating and administrative expenses	(60,016)	(78,143)
Depreciation and amortisation	(9,157)	(14,420)
PROFIT BEFORE TAX FROM CONTINUING OPERATIONS	317,693	89,028
Income tax expense	(12,730)	(2,738)
PROFIT AFTER TAX FROM CONTINUING OPERATIONS	304,963	86,290
DISCONTINUED OPERATIONS		
Loss after tax from discontinued operations	(129,940)	(50,687)
PROFIT AFTER TAX	175,023	35,603
Profit attributable to:		
Shareholders of the parent	173,153	24,344
Non-controlling interests	1,870	11,259
	175,023	35,603
Earnings per share		
Basic and Diluted earnings attributable to shareholders of the parent in Qatari Riyals	0.038	0.001
Earnings per share for continuing operations		
Basic and Diluted earnings from continuing operations attributable shareholders of the parent in Qatari Riyals	0.078	0.017

The attached notes are an integral part of these consolidated financial statements

Handwritten signature/initials.

Qatar Insurance Company Q.S.P.C.

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months period ended 31 March 2023

	<i>For the three months ended</i>	
	<i>2023</i>	<i>2022</i>
	<i>QR ('000)</i>	<i>QR ('000)</i>
	<i>Un-audited</i>	<i>Restated & Un-audited</i>
Profit for the period	175,023	35,603
Other comprehensive income (OCI)		
OCI to be reclassified to the consolidated profit or loss in subsequent periods		
Net changes in fair value of investments at fair value through other comprehensive income during the period	96,032	(402,477)
Finance (expenses) /income from insurance contracts issued	(108,400)	290,876
Finance income / (expenses) from reinsurance contracts held	32,211	(73,178)
Foreign currency translation differences on foreign operations	29,777	(30,178)
Other comprehensive income / (loss) for the year	49,620	(214,957)
TOTAL COMPREHENSIVE INCOME / (LOSS) FOR THE PERIOD	224,643	(179,354)
Attributable to:		
Shareholders of the parent	222,462	(188,816)
Non-controlling interests	2,181	9,462
	224,643	(179,354)
Attributable to shareholders of the Parent:		
Continuing operations	352,223	(138,129)
Discontinued operations	(129,761)	(50,687)
	222,462	(188,816)

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.

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The interim condensed consolidated financial statements for the three months period ended 31 March 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 three months period ended 31 March 2023 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2023.

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 4 May 2023.

This is the first set of the Group’s interim condensed consolidated financial statements 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 2.3.

2.2 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.

2.3 IFRS 17 Insurance Contracts

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

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.

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 IFRS 17 Insurance Contracts (continued)

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

- The liability for remaining coverage reflects premiums received less deferred insurance acquisition cash flows and less amounts recognised in revenue for insurance services provided.
- The Group does not adjust the liability for remaining coverage to reflect the time value of money and the effect of financial risk.
- Measurement of the liability for remaining coverage involves an explicit evaluation of risk adjustment for non-financial risk when a group of contracts is onerous in order to calculate a loss component (previously these may have formed part of the unexpired risk reserve). If at any time before and during the coverage period, facts and circumstances indicate that a group of contracts is onerous, then the Group recognizes a loss in profit or loss and increase the liability for remaining coverage to the extent that the current estimates of the fulfilment cash flow that relate to remaining coverage exceed the carrying amount of the liability for remaining coverage.
- Measurement of the liability for incurred claims (previously claims outstanding and incurred but not reported (IBNR) claims) is determined on a discounted probability-weighted expected value basis and includes an explicit risk adjustment for non-financial risk. The liability includes the Group's obligation to pay other incurred insurance expenses. The Group recognizes the liability for incurred claims of a group of contracts at the amount of the fulfilment cash flows relating to incurred claims. The fulfilment cash flows is discounted (at current rates) whether or not they are expected to be paid in one year or less from the date the claims are incurred.
- The Group allocates the acquisition cash flows to groups of insurance contracts issued to be issued using a systematic and rational basis. Insurance acquisition cash flows include those that are directly attributable to a group. Where such insurance acquisition cash flows are paid (or where a liability has been recognized applying another IFRS standard) before the related group of insurance contracts is recognized, an asset for insurance acquisition cash flows is recognized. When insurance contracts are recognized, the related portion of the asset for insurance acquisition cash flows is recognized and subsumed into the measurement at initial recognition of the insurance liability for remaining coverage of the related group.
- Measurement of the asset for remaining coverage (reflecting reinsurance premiums paid for reinsurance held) is adjusted to include a loss-recovery component to reflect the expected recovery of onerous contract losses where such contracts reinsure onerous direct contracts. The Group applies the same accounting policies to measure a group of reinsurance contracts, adapted where necessary to reflect features that differ from those of insurance contracts.
- The Group does not issue any contracts with direct participating features.

Presentation and disclosure

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.

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 IFRS 17 Insurance Contracts (continued)

Presentation and disclosure (continued)

- 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.
- 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.
- Derecognized any existing balances that would not exist had IFRS 17 always applied.
- Recognized any resulting net difference in equity.

2.3.1 Changes to the impairment calculation of insurance and reinsurance receivables

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 Group's insurance and reinsurance receivables. The increase in allowance was adjusted to retained earnings.